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THE AMERICAN EMPIRE

By

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"Wages in the United States"
"Income"
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"Anthracite"
"Poverty and Riches," etc.

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The Ameriacn Empire

I. THE PROMISE OF 1776

1. *The American Republic*

THE genius of revolution presided at the birth of the American Republic, whose first breath was drawn amid the economic, social and political turmoil of the eighteenth century. The voyaging and discovering of the three preceding centuries had destroyed European isolation and laid the foundation for a new world order of society. The Industrial Revolution was convulsing England and threatening to destroy the Feudal State. Western civilization, in the birthpangs of social revolution, produced first the American and then the French Republic.

Feudalism was dying! Divine right, monarchy, aristocracy, oppression, despotism, tyranny—these and all other devils of the old world order were bound for the limbo which awaits outworn, discredited social institutions. The Declaration of Independence officially proclaimed the new order,—challenging "divine right" and maintaining that "all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed."

Life, liberty and happiness were the heritage of the human race, and "whenever any form of government becomes destructive of these ends, it is the right of the people to alter or abolish it, and to institute a new government laying is foundations on such principles, and organizing its

powers in such form, as to them shall seem likely to effect their safety and happiness."

Thus the rights of the people were declared superior to the privileges of the rulers; revolution was justified; and the principles of eighteenth century individualism were made the foundation of the new political state. Aristocracy was swept aside and in its stead democracy was enthroned.

2. *The Yearning for Liberty*

The nineteenth century re-echoed with the language of social idealism. Traditional bonds were breaking; men's minds were freed; their imaginations were kindled; their spirits were possessed by a gnawing hunger for justice and truth.

Revolting millions shouted: "Liberty, Equality, Fraternity!" Sages mused; philosophers analyzed; prophets exhorted; statesmen organized toward this end.

Men felt the fire of the new order burning in their vitals. It purged them. They looked into the eyes of their fellows and saw its reflection. Dreaming of liberty as a maiden dreams of her lover, humanity awoke suddenly, to find liberty on the threshold.

Through the ages mankind has sought truth and justice. Vested interests have intervened. The powers of the established order have resisted, but the search has continued. That eternal vigilance and eternal sacrifice which are the price of liberty, are found wherever human society has left a record. At one point the forces of light seem to be winning. At another, liberty and truth are being ruthlessly crushed by the privileged masters of life. The struggle goes on—eternally.

Liberty and justice are ideals that exist in the human heart, but they are none the less real. Indeed, they are in a sense more potent, lying thus in immortal embryo, than they could be as tangible institutions. Institutions

are brought into being, perfected, kept past their time of highest usefulness and finally discarded. The hopes of men spring eternally, spontaneously. They are the true social immortality.

3. *Government of the People*

Feudalism as a means of organizing society had failed. The newly declared liberties were confided to the newly created state. It was political democracy upon which the founders of the Republic depended to make good the promise of 1776.

The American colonists had fled to escape economic, political and religious tyranny in the mother countries. They had drunk the cup of its bitterness in the long contest with England over the rights of taxation, of commerce, of manufacture, and of local political control. They had their fill of a mastery built upon the special privilege of an aristocratic minority. It was liberty and justice they sought and democracy was the instrument that they selected to emancipate themselves from the old forms of privilege and to give to all an equal opportunity for life, liberty and the pursuit of happiness.

Political democracy was to place the management of community business in the hands of the people—to give them liberty in the control of public affairs. The highest interest of democracy was to be the interest of the people. There could be no higher interest because the people were supreme. The people were to select the public servants; direct their activities; determine public policy; prescribe the law; demand its enforcement; and if need be assert their superior authority over any part of the government, not excepting the constitution.[1]

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1 "It is, Sir, the people's constitution, the people's government, made for the people, made by the people, and answerable to the people."—Daniel Webster's reply to Hayne, 1830. "Speeches and Orations." E. P. Whipple, Boston, Little, Brown and Co., p. 257.

Democracy, in politics, was based on the idea that public affairs could best be run by the public voice. However expert may be the hand that administers the laws, the hand and the heart that renders the final decision in large questions must belong to the public.[2]

The people who laid the foundations for democracy in France and the United States feared tyranny. They and their ancestors had been, for centuries, the victims of governmental despotism. They were on their guard constantly against governmental aggression in any form. And they, therefore, placed the strictest limitations upon the powers that governments should enjoy.

Special privilege government was run by a special class, —the hereditary aristocracy—in the interest and for the profit of that class. They held the wealth of the nation—the land—and lived comfortably upon its produce. They never worked—no gentleman could work and remain a gentleman. They carried on the affairs of the court—sometimes well, sometimes badly; maintained an extravagant scale of social life; built up a vicious system of secret international diplomacy; commanded in time of war, and at all times; levied rents and taxes which went very largely to increase their own comfort and better their own position in life. The machinery of government and the profits from government remained in the hands of this one class.

Class government from its very nature could not be other than oppressive. "All hereditary government over a people is to them a species of slavery and representative government is freedom." "All hereditary government is in its nature tyranny. . . . To inherit a government is to inherit the people as if they were flocks and herds." [3]

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[2] Tom Paine held ardently to this doctrine, "It is always the interest of a far greater number of people in a Nation to have things right than to let them remain wrong; and when public matters are open to debate, and the public judgment free, it will not decide wrong unless it decides too hastily!" "Rights of Man," Part II, Ch. 4.

[3] "Rights of Man," Thomas Paine. Part II, Chapter 3.

4. *The Source of Authority*

The people were to be the source of authority in the new state. The citizen was to have a voice because he was an adult, capable of rendering judgment in the selection of public servants and in the determination of public policy.

All through history there had been men into whose hands supreme power had been committed, who had carried this authority with an astounding degree of wisdom and integrity. For every one who had comported himself with such wisdom in the presence of supreme authority, there were a score, or more likely a hundred, who had used this power stupidly, foolishly, inefficiently, brutally or viciously.

Few men are good enough or wise enough to keep their heads while they hold in their hands unlimited authority over their fellows. The pages of human experience were written full of the errors, failures, and abuses of which such men so often have been guilty.

The new society, in an effort to prevent just such transgressions of social well being, placed the final power to decide public questions in the hands of the people. It was not contended, or even hoped that the people would make no mistakes, but that the people would make fewer mistakes and mistakes less destructive of public well-being than had been made under class government. At least this much was gained, that the one who abused power must first secure it from those whom he proposed to abuse, and must later exercise it unrestrained to the detriment of those from whom the power was derived and in whom it still resided.

The citizen was to be the source of authority. His word, combined with that of the majority of his fellows, was final. He delegated authority. He assented to laws which were administered over all men, including himself. He accepts the authority of which he was the source.

5. *The American Tradition*

This was the American tradition. This was the language of the new, free world. Life, liberty and happiness; popular sovereignity; equal opportunity. This, to the people of the old countries was the meaning of America. This was the promise of 1776.

When President Wilson went to Europe, speaking the language of liberty that is taught in every American schoolroom, the plain people turned to him with supreme confidence. To them he was the embodiment of the spirit of the West.

Native-born Americans hold the same idea. To them the Declaration of Independence was a final break with the old order of monarchical, imperial Europe. It was the charter of popular rights and human liberties, establishing once for all the principles of self-government and equal opportunity.

The Statue of Liberty, guarding the great port of entrance to America, symbolizes the spirit in which foreigners and natives alike think of her—as the champion of the weak and the oppressed; the guardian of justice; the standard-bearer of freedom.

This spirit of America is treasured to-day in the hearts of millions of her citizens. To the masses of the American people America stands to-day as she always stood. They believe in her freedom; they boast of her liberties; they have faith in her great destiny as the leader of an emancipated world. They respond, as did their ancestors, to the great truths of liberty, equality, and fraternity that inspired the eighteenth century.

The tradition of America is a hope, a faith, a conviction, a burning endeavor, centering in an ideal of liberty and justice for the human race.

Patrick Henry voiced this ideal when, a passionate appeal for freedom being interrupted by cries of "Treason,

treason!" he faced the objector with the declaration, "If this be treason, make the most of it!"

Eighteenth century Europe, struggling against religious and political tyranny, looked to America as the land of Freedom. America to them meant liberty. "What Athens was in miniature, America will be in magnitude," wrote Tom Paine. "The one was the wonder of the ancient world; the other is becoming the admiration, the model of the present." ("The Rights of Man," Part II, Chapter 3.) The promise of 1776 was voiced by men who felt a consuming passion for freedom; a divine discontent with anything less than the highest possible justice; a hatred of tyranny, oppression and every form of special privilege and vested wrong. They yearned over the future and hoped grandly for the human race.

II. THE COURSE OF EMPIRE

1. *Promise and Fulfillment*

A VAST gulf yawns between the inspiring promise that a handful of men and women made to the world in 1776, and the fulfillment of that promise that is embodied in twentieth century American life. The pre-war indifference to the loss of liberty; the gradual encroachments on the rights of free speech, and free assemblage and of free press; the war-time suppressions, tyrannies, and denials of justice; the subsequent activities of city, state, and national legislatures and executives in passing and enforcing laws that provided for military training in violation of conscience, the denial of freedom of belief, of thought, of speech, of press and of assemblage,—activities directed specifically to the negation of those very principles of liberty which have constituted so intimate a part of the American tradition of freedom,—form a contrast between the promise of 1776 and the twentieth century fulfillment of that promise which is brutal in its terrible intensity.

Many thoughtful Americans have been baffled by this conflict between the aims of the eighteenth century and the accomplishments of the twentieth. The facts they admit. For explanation, either they may say, "It was the war," implying that with the cessation of hostilities and the return to a peace basis, the situation has undergone a radical change; or else they blame some individual or some organization for the extinction of American liberties.

Great consequences arise from great causes. A general break-down of liberties cannot be attributed to individual caprice nor to a particular legislative or judical act.

The denial of liberty in the United States is a matter of of large import. No mayor, governor, president, legislature, court, magnate, banker, corporation or trust, and

no combination of these individuals and organizations could arbitrarily destroy the American Republic. Underneath personality and partisanship are working the forces which have stripped the American people of their essential liberties as the April sun strips the mountains of their snow.

No one can read the history of the United States since the drafting of the Declaration of Independence without being struck by the complete transformation in the forms of American life. The Industrial Revolution which had gripped England for half a century, made itself felt in the United States after 1815. Steam, transportation, industrial development, city life, business organization, expansion across the continent—these are the factors that have made of the United States a nation utterly apart from the nation of which those who signed the Declaration of Independence and fought the Revolution dreamed.

These economic changes have brought political changes. The American Republic has been thrust aside. Above its remains towers a mighty imperial structure,—the world of business,—bulwarked by usage and convention; safeguarded by legislation, judical interpretation, and the whole power of organized society. That structure is the American Empire—as real to-day as the Roman Empire in the days of Julius Caesar; the French Empire under the Little Corporal, or the British Empire of the Great Commoner, William E. Gladstone.

Approved or disapproved; exalted or condemned; the fact of empire must be evident even to the hasty observer. The student, tracing its ramifications, realizes that the structure has been building for generations.

2. *The Characteristics of Empire*

Many minds will refuse to accept the term "empire" as applied to a republic. Accustomed to link "empire" with "emperor," they conceive of a supreme hereditary ruler as an essential part of imperial life. A little re-

flection will show the inadequacy of such a concept. "The British Empire" is an official term, used by the British Government, although Great Britian is a limited monarchy, whose king has less power than the President of the United States. On the other hand, eastern potentates, who exercise absolute sway over their tiny dominions do not rule "empires."

Recent usage has given the term "empire" a very definite meaning, which refers, not to an "emperor" but to certain relations between the parts of a political or even of an economic organization. The earlier uses of the word "empire" were, of course, largely political. Even in that political sense, however, an "empire" does not necessarily imply the domain of an "emperor."

According to the definition appearing in the "New English Dictionary" wherever "supreme and extensive political dominion" is exercised "by a sovereign state over its dependencies" an empire exists. The empire is "an aggregaton of subject territories ruled over by a sovereign state." The terms of the definition are political, but it leaves the emperor entirely out of account and makes an empire primarily a matter of organization and not of personality.

During the last fifty years colonialism, the search for foreign markets, and the competition for the control of "undeveloped" countries has brought the words "empire" and "imperialism" into a new category, where they relate, not to the ruler—be he King or Emperor—but to the extension of commercial and economic interests. The "financial imperialism" of F. C. Howe and the "imperialism" of J. A. Hobson are primarily economic and only incidentally political.

"Empire" conveys the idea of widespread authority, dominion, rule, subjugation. Formerly it referred to political power; to-day it refers to economic power. In either case the characteristics of empire are,—

1. Conquered territory.

2. Subject peoples.

3. An imperial or ruling class.

4. The exploitation of the subject peoples and the conquered territory for the benefit of the ruling class.

Wherever these four characteristics of imperial organization exist, there is an empire, in all of its essential features. They are the acid-test, by which the presence of empire may be determined.

Names count for nothing. Rome was an empire, while she still called herself a republic. Napolean carried on his imperial activities for years under the authority of Republican France. The existence of an empire depends, not upon the presence of an "emperor" but upon the presence of those facts which constitute Empire,—conquered territory; subject peoples; an imperial class; exploitation by and for this class. If these facts exist in Russia, Russia is an empire; if they are found in Germany, Germany is an empire; if they appear in the United States, the United States is an empire none the less surely,—traditions, aspirations and public conviction to the contrary notwithstanding.

3. *The Preservation of Empire*

The first business of an imperial class is the preservation of the empire to which it owes its advantages and privileges. Therefore, in its very essence, imperialism is opposed to popular government. "The greatest good to the greatest number" is the ideal that directs the life of a self-governing community. "The safety and happiness of the ruling class" is the first principle of imperial organization.

Imperialism is so generally recognized and so widely accepted as a mortal foe of popular government that the members of an imperial class, just rising into power, are always careful to keep the masses of the people ignorant of

the true course of events. This necessity explains the long period, in the history of many great empires, when the name and forms of democracy were preserved, after the imperial structure had been established on solid foundations. Slow changes, carefully directed and well disguised, are necessary to prevent outraged peoples from rising against an imperial order when they discover how they have been sold into slavery. Even with all of the safeguards, under the control of the ablest statesmen, Caesar frequently meets his Brutus.

The love of justice; the yearning for liberty; the sense of fair play; the desire to extend opportunity, all operate powerfully upon those to whom the principles of self-government are dearest, leading them to sacrifice position, economic advantage, and sometimes life itself for the sake of the principles to which they have pledged their faith.

Therein lies what is perhaps one of the most essential differences between popular government and empire. The former rests upon certain ideas of popular rights and liberties. The latter is a weapon of exploitation in the hands of the ruling class. Popular government lies in the hopes and beliefs of the people. Empire is the servant of ambition and the shadow of greed. Popular government has been evolved by the human race at an immense sacrifice during centuries of struggle against the forms and ideas that underly imperialism. Since men have set their backs on the past and turned their faces with resolute hope to the future, empire has repelled them, while democracy has called and beckoned.

Empires have been made possible by "bread and circuses"; by appealing to an abnormally developed sense of patriotism; by the rule of might where largess and cajolery have failed. Rome, Germany and Britain are excellent examples of these three methods. In each case, millions of citizens have had faith in the empire, believing in its promise of glory and of victory; but on the other hand, this belief could be maintained only by a continuous propaganda—triumphs in Rome, school-books and "boilerplate"

in Germany and England. Even then, the imperial class is none too secure in its privileges. Always from the abysses of popular discontent, there arises some Spartacus, some Liebknecht, some Smillie, crying that "the future belongs to the people."

The imperial class, its privileges unceasingly threatened by the popular love of freedom—devotes not a little attention to the problem of "preserving law and order" by suppressing those who speak in the name of liberty, and by carrying on a generous advertising campaign, the object of which is to persuade the people of the advantages which they derive from imperial rule.

During the earlier stages in the development of empire, the imperial class is able to keep itself and its designs in the background. As time passes, however, the power of the imperialist becomes more and more evident, until some great crisis forces the empire builders to step out into the open. They then appear as the frank apologists, spokesmen and defenders of the order for which they have so faithfully labored and from which they expect to gain so much.

Finally, the ambition of some aggressive leader among the imperialists, or a crisis in the affairs of the empire leads to the next step—the appointment of a "dictator," "supreme ruler" or "emperor." This is the last act of the imperial drama. Henceforth, the imperial class divides its attention between,—

1. The suppression of agitation and revolt among the people at home;
2. Maintaining the imperial sway over conquered territory;
3. Extending the boundaries of the empire and
4. The unending struggle between contending factions of the ruling class for the right to carry on the work of exploitation at home and abroad.

4. *The Price of Empire*

Since the imperial or ruling class is willing to go to any lengths in order to preserve the empire upon which its privileges depend, it follows that the price of empire must be reckoned in the losses that the masses of the people suffer while safeguarding the privileges of the few.

As a matter of course, conquered and dependent people pay with their liberty for their incorporation into the empire that holds dominion over them. On any other basis, empire is unthinkable. Indeed the terms "dependencies," "domination," and "subject" carry with them only one possible implication—the subordination or extinction of the liberties of the peoples in question.

The imperial class—a minority—depends for its continued supremacy upon the ownership of some form of property, whether this property be slaves, or land, or industrial capital. As Veblen puts it: "The emergence of the leisure class coincides with the beginning of ownership." ("Theory of the Leisure Class," T. Veblen, New York. B. W. Huebsch, 1899, p. 22.) Necessarily, therefore, the imperial class will sacrifice the so-called human or personal rights of the home population to the protection of its property rights. Indeed the property rights come to be regarded as the essential human rights, although there is but a small minority of the community that can boast of the possession of property.

The superiority of ruling class property rights over the personal rights and liberties of the inhabitants in a subject territory is taken as a matter of course. Even in the home country, where the issue is clearly made, the imperial class will sacrifice the happiness, the health, the longevity, and the lives of the propertyless class in the interest of "law and order" and "the protection of property." The stories of the Roman populace; of the French peasants under Louis XIV; of the English factory workers (men, women and children) during the past hundred years, and of the low skilled workers in the United States since the Civil War,

furnish ample proof of the correctness of this contention. The life, liberty and happiness of the individual citizen is a matter of small importance so long as the empire is saved.

A crisis in imperial affairs is always regarded, by the ruling class, as a legitimate reason for curtailing the rights of the people. Under ordinary circumstances, the imperial class will gain rather than lose from the exercise of "popular liberties." Indeed, the exercise of these liberties is of the greatest assistance in convincing the people that they are enjoying freedom and thus keeping them satisfied with their lot. But in a period of turmoil, with men's hearts stirred, and their souls aflamed with conviction and idealism, there is always danger that the people may exercise their "unalienable right" to "alter or abolish" their form of government. Consequently, during a crisis, the imperial class takes temporary charge of popular liberties. Every great empire engaged in the recent war passed through such an experience. In each country the ruling class announced that the war was a matter of life and death. Papers were suppressed or censored; free speech was denied; men were conscripted against will and conscience; constitutions were thrust aside; laws "slumbered"; writers and thinkers were jailed for their opinions; food was rationed; industries were controlled—all in the interest of "winning the war." After the war was won, the victors practiced an even more rigorous suppression while they were "making the peace." Then followed months and years of protests and demands, until, one by one, the liberties were retaken by the people or else the war-tyranny, once firmly established, became a part of "the heritage of empire." In such cases, where liberties were not regained, the plain people learned to do without them.

Liberty is the price of empire. Imperialism presupposes that the people will be willing, at any time, to surrender their "rights" at the call of the rulers.

5. *The Universality of Empire*

Imperialism is not new, nor is it confined to one nation or to one race. On the contrary it is as old as history and as wide as the world.

Before Rome, there was Carthage. Before Carthage, there were Greece, Macedonia, Egypt, Assyria, China. Where history has a record, it is a record of empire.

During modern times, international affairs have been dominated by empires. The great war was a war between empires. During the first three years, the two chief contestants were the British Empire on the one hand and the German Empire on the other. Behind these leaders were the Russian Empire, the Italian Empire, the French Empire, and the Japanese Empire.

The Peace of Versailles was a peace between empires. Five empires dominated the peace table—Great Britain, France, Italy, Japan and the United States. The avowedly anti-imperial nations of Europe—Russia and Hungary—were not only excluded from the deliberations of the Peace Table, but were made the object of constant diplomatic, military and economic aggression by the leading imperialist nations.

6. *The Evolution of Empire*

Empires do not spring, full grown, from the surroundings of some great historic crisis. Rather they, like all other social institutions, are the result of a long series of changes that lead by degrees from the pre-imperial to the imperial stage. Many of the great empires of the past two thousand years have begun as republics, or, as they are sometimes called, "democracies," and the processes of transformation from the republican to the imperial stage have been so gradual that the great mass of the people were not aware that any change had occurred until the emperor ascended the throne.

The development of empire is of necessity a slow process. There are the dependent people to be subjected; the territory to conquered; the imperial class to be built up. This last process takes, perhaps, more time than either of the other two. Class consciousness is not created in a day. It requires long experience with the exercise of imperial power before the time has come to proclaim an emperor, and forcibly to take possession of the machinery of public affairs.

7. *The United States and the Stages of Empire*

Any one who is familiar with its history will realize at once that the United States is passing through some of the more advanced stages in the development of empire. The name "Republic" still remains; the traditions of the Republic are cherished by millions; the republican forms are almost intact, but the relations of the United States to its conquered territory and its subject peoples; the rapid maturation of the plutocracy as a governing class or caste; the shamelessness of the exploitation in which the rulers have indulged; and the character of the forces that are now shaping public policy, proclaim to all the world the fact of empire.

The chief characteristics of empire exist in the United States. Here are conquered territory; subject peoples; an imperial, ruling class, and the exploitation by that class of the people at home and abroad. During generations the processess of empire have been working, unobserved, in the United States. Through more than two centuries the American people have been busily laying the foundations and erecting the imperial structure. For the most part, they have been unconscious of the work that they were doing, as the dock laborer, is ordinarily unconscious of his part in the mechanism of industry. Consciously or unconsciously, the American people have reared the imperial structure, until it stands, to-day, imposing in its grandeur, upon the spot where many of the founders of the American government hoped to see a republic.

The entrance of the United States into the war did not greatly alter the character of the forces at work, nor did it in any large degree change the direction in which the country was moving. Rather, it brought to the surface of public attention factors of American life that had been evolving unnoticed, for generations.

The world situation created by the war compelled the American imperial class to come out in the open and to occupy a position that, while wholly inconsistent with the traditions of American life, is nevertheless in keeping with the demands of imperial necessity. The ruling class in the United States has taken a logical step and has made a logical stand. The masters of American life have done the only thing that they could do in the interests of the imperial forces that they represent. They are the victims, as much as were the Kaiser and the Czar on the one hand, and the Belgians and the Serbs on the other, of that imperial necessity that knows no law save the preservation of its own most sacred interests.

Certain liberal American thinkers have taken the stand that the incidents of 1917-1918 were the result of the failure of the President, and of certain of his advisers, to follow the theories which he had enunciated, and to stand by the cause that he had espoused. These critics overlook the incidental character of the war as a factor in American domestic policy. The war never assumed anything like the importance in the United States that it did among the European belligerents. On the surface, it created a furore, but underneath the big fact staring the administration in the face was the united front of the business interests, and their organized demands for action. The far-seeing among the business men realized that the plutocratic structure the world over was in peril, and that the fate of the whole imperial régime was involved in the European struggle. The Russian Revolution of March 1917 was the last straw. From that time on the entrance of the United States into the war became a certainty as the only means of "saving (capitalist) civilization."

The thoughtful student of the situation in the United States is not deceived by personalities and names. He realizes that the events of 1917-1918 have behind them generations of causes which lead logically to just such results; that he is witnessing one phase of a great process in the life of the American nation—a process that is old in its principles yet ever new in its manifestations.

Traditional liberties have always given way before imperial necessity. An examination of the situation in which the ruling class of the United States found itself in 1917, and of the forces that were operating to determine public policy, must convince even the enthusiast that the occurrences of 1917 and the succeeding years were the logical outcome of imperial necessity. To what extent that explanation will account for the discrepancy between the promise of 1776 and the twentieth century fulfillment of that promise must appear from a further examination of the evidence.

III. SUBJUGATING THE INDIANS

1. *The Conquering Peoples*

The first step in the establishment of empire—the conquest of territory and the subjugation of the conquered populations,—was taken by the people of the United States at the time of their earliest settlements. They took the step naturally, unaffectedly, as became the sons of their fathers.

The Spanish, French and English who made the first settlement in North America were direct descendants of the tribes that have swept across Europe and portions of Asia during the past three or four thousand years. These tribes, grouped on the basis of similarity in language under the general term "Aryan," hold a record of conquest that fills the pages of written history.

Hunger; the pressure of surplus population; the inrush of new hordes of invaders, drove them on. Ambition; the love of adventure; the lure of new opportunities in new lands, called them further. Meliorism,—the desire to better the conditions of life for themselves and for their children —animated them. In later years the necessity of disposing of surplus wealth impelled them. Driven, lured, coerced, these Aryan tribes have inundated the earth. Passing beyond the boundaries of Europe, they have crossed the seas into Africa, Asia, America and Australia.

Among the Aryans, after bitter strife, the Teutons have attained supremacy. The "Teutonic Peoples" are "the English speaking inhabitants of the British Isles, the German speaking inhabitants of Germany, Austria-Hungary and Switzerland, the Flemish speaking inhabitants of Belgium, the Scandinavian inhabitants of Sweden and Norway and practically all of the inhabitants of Holland and Denmark." ("Encyclopedia Britannica.")

This Teutonic domination has been established only by the bitterest of struggles. During the time when North America was being settled, the English dispossessed first the Spanish and later the French. Since the Battle of Waterloo—won by English and German troops; and the Crimean War—won by British against Russian troops—the Teutonic power has gone unchallenged and so it remains to-day.

The dominant power in the United States for nearly two centuries has been the English speaking power. Thus the Americans draw their inspiration, not only from the Aryan, but from the English speaking Teutons—the most aggressive and dominating group among the Aryans.

Three hundred years ago the title to North America was claimed by Spain, France and Great Britain. The land itself was almost entirely in the hands of Indian tribes which held the possession that according to the proverb, is "nine points of the law."

The period of American settlement has witnessed the rapid dispossession of the original holders, until, at the present time, the Indians have less than two per cent of the land area of the United States.[1]

The conquest, by the English speaking whites, of the three million square miles which comprise the United States has been accomplished in a phenomenally short space of time. Migration; military occupation; appropriation of the lands taken from the "enemy;" settlement, and permanent exploitation—through all these stages of conquest the country has moved.

The "Historical Register of the United States Army" (F. B. Heitman, Washington, Govt. Print., 1903, vol. 2, pp. 298-300) contains a list of 114 wars in which the United States has been engaged since 1775. The publication likewise presents a list of 8600 battles and engagments incident

[1] The total number of square miles in Indian Reservations in 1918 was 53,490 as against 241,800 square miles in 1880. (Statistical Abstract of the United States, 1918, p. 8.)

to these 114 wars. Two of these wars were with England, one with Mexico and one with Spain. These, together with the Civil War and the War with Germany, constitute the major struggles in which the United States has been engaged. In addition to these six great wars there were the numerous wars with the Indians, the last of which (with the Chippewa) occurred in 1898. Some of these Indian "wars" were mere policing expeditions. Others, like the wars with the Northwest Indians, with the Seminoles and with the Apaches, lasted for years and involved a considerable outlay of life and money.

When the Indian Wars were ended, and the handful of red men had been crushed by the white millions, the American Indians, once possessors of a hunting ground that stretched across the continent, found themselves in reservations, under government tutelage, or else, abandoning their own customs and habits of life, they accepted the "pale-face" standards in preference to their own well-loved traditions.

The territory flanking the Mississippi Valley, with its coastal plains and the deposits of mineral wealth, is one of the richest in the world. Only two other areas, China and Russia, can compare with it in resources.

This garden spot came into the possession of the English speaking whites almost without a struggle. It was as if destiny had held a door tight shut for centuries and suddenly had opened it to admit her chosen guests.

History shows that such areas have almost always been held by one powerful nation after another, and have been the scene of ferocious struggles. Witness the valleys of the Euphrates, the Nile, the Danube, the Po and the Rhine. The barrier of the Atlantic saved North America.

Had the Mississippi Valley been in Europe, Asia or Northern Africa, it would doubtless have been blood-soaked for centuries and dominated by highly organized nations, armed to the teeth. Lying isolated, it presented an almost virgin opportunity to the conquering Teutons of Western Europe.

Freed by their isolated position from the necessity of contending against outside aggression, the inhabitants of the United States have expended their combative energies against the weaker peoples with whom they came into immediate contact,—

1. The Indians, from whom they took the land and wrested the right to exploit the resources of the continent;
2. The African Negroes who were captured and brought to America to labor as slaves;
3. The Mexicans, from whom they took additional slave territory at a time when the institution of slavery was in grave danger, and
4. The Spanish Empire from which they took foreign investment opportunities at a time when the business interests of the country first felt the pressure of surplus wealth.

Each of these four groups was weak. No one of them could present even the beginnings of an effectual resistance to the onslaught of the conquerors. Each in turn was forced to bow the knee before overwhelming odds.

2. *The First Obstacle to Conquest*

The first obstacle to the spread of English civilization across the continent of North America was the American Indian. He was in possession of the country; he had a culture of his own; he held the white man's civilization in contempt and refused to accept it. He had but one desire,—to be let alone.

The continent was a "wilderness" to the whites. To the Indians it was a home. Their villages were scattered from the Atlantic to the Pacific, from the Gulf to Alaska; they knew well its mountains, plains and rivers. A primitive people, supporting themselves largely by hunting, fishing, simple agriculture and such elemental manual arts

as pottery and weaving, they found the vast stretches of North America none too large to provide them with the means of satisfying their wants.

The ideas of the Indian differed fundamentally from those of the white man. Holding to the Eastern conception which makes the spiritual life paramount, he reduced his material existence to the simplest possible terms. He had no desire for possessions, which he regarded—at the best—as "only means to the end of his ultimate perfection." [2] To him, the white man's desire for wealth was incomprehensible and the white man's sedentary life was contemptible. He must be free at all times to commune with nature in the valleys, and at sunrise and sunset to ascend the mountain peak and salute the Great Spirit.

The individual Indian—having no desire for wealth—could not be bribed or bought for gold as could the European. The leaders, democratically selected, and held by the most enduring ties of loyalty to their tribal oaths, were above the mercenary standards of European commerce and statesmanship. Friendly, hospitable, courteous, generous, hostile, bitter, ferocious they were—but they were not for sale.

The attitude of the Indian toward the land which the white men coveted was typical of his whole relation with white civilization. "Land ownership, in the sense in which we use the term, was unknown to the Indians till the whites came among them." [3] The land devoted to villages was tribal property; the hunting ground surrounding the village was open to all of the members of the tribe; between the hunting grounds of different tribes there was a neutral territory—no man's land—that was common to both. If a family cultivated a patch of land, the neighbors did not trespass. Among the Indians of the Southwest the village owned the agricultural land and "periodically its

[2] "The Indian of To-day," C. A. Eastman. New York, Doubleday, 1915, p. 4.

[3] "The Indian and His Problem," F. E. Leupp. New York, Scribners, 1910, p. 23.

governor, elected by popular vote, would distribute or redistribute the arable acres among his constituents who were able to care for them.'' [4] The Indians believed that the land, like the sunlight, was a gift of the Great Spirit to his children, and they were as willing to part with the one as with the other.

They carried their communal ideas still farther. Among the Indians of the Northwest, a man's possessions went at his death to the whole tribe and were distributed among the tribal members. Among the Alaskan Indians, no man, during his life, could possess more than he needed while his neighbor lacked. Food was always regarded as common property. ''The rule being to let him who was hungry eat, wherever he found that which would stay the cravings of his stomach.'' [5] The motto of the Indian was ''To each according to his need.''

Such a communist attitude toward property, coupled with a belief that the land—the gift of the Great Spirit —was a trust committed to the tribe, proved a source of constant irritation to the white colonists who needed additional territory. As the colonies grew, it became more and more imperative to increase the land area open for settlement, and to such encroachments the Indian offered a stubborn resistance.

The Indian would not—could not—part with his land, neither would he work, as a slave or a wage-servant. Before such degradation he preferred death. Other peoples —the negroes; the inhabitants of Mexico, Peru and the West Indies; the Hindus and the Chinese—made slaves or servants. The Indian for generations held out stolidly against the efforts of missionaries, farmers and manufacturers alike to convert him into a worker.

The Indian could not understand the ideas of ''purchase,'' ''sale'' and ''cash payment'' that constitute essential features of the white man's economy. To him strength

[4] Ibid., p. 24.

[5] Ibid., p. 10

of limb, courage, endurance, sobriety and personal dignity and reserve were infinitely superior to any of the commercial virtues which the white men possessed.

This attitude of the Indian toward European standards of civilization; his indifference to material possessions; his unwillingness to part with the land; and his refusal to work, made it impossible to "assimilate" him, as other peoples were assimilated, into colonial society. The individual Indian would not demean himself by becoming a cog in the white man's machine. He preferred to live and die in the open air of his native hills and plains.

The Indian was an intense individualist—trained in a school of experience where initiative and personal qualities were the tests of survival. He placed the soles of his moccasined feet firmly against his native earth, cast his eyes around him and above him and melted harmoniously into his native landscape.

Missionaries and teachers labored in vain—once an Indian, always an Indian. The white settlers pushed on across mountain ranges and through valleys. Generations came and went without any marked progress in bringing the white men and the red men together. When the Indian, in the mission or in the government school did become "civilized," he gave over his old life altogether and accepted the white man's codes and standards. The two methods of life were too far apart to make amalgamation possible.

3. *Getting the Land*

The white man must have land! Population was growing. The territory along the frontier seemed rich and alluring.

Everywhere, the Indian was in possession, and everywhere he considered the sale of land in the light of parting with a birth-right. He was friendly at first, but he had no sympathy with the standards of white civilization.

For such a situation there was only one possible solution. Under the plea that "necessity knows no law" the white man took up the task of eliminating the Indian, with the least friction, and in the most effective manner possible.

There were three methods of getting the land away from the Indian—the easiest was by means of treaties, under which certain lands lying along the Atlantic Coast were turned over to the whites in exchange for larger territories west of the Mississippi. The second method was by purchase. The third was by armed conquest. All three methods were employed at some stage in the relations between the whites and each Indian tribe.

The experience with the Cherokee Nation is typical of the relation between the whites and the other Indian tribes. (Annual Report of the Bureau of Ethnology. Vol. 5. "The Cherokee Nation," by Charles C. Royce.)

The Cherokee nation before the year 1650 was established on the Tennessee River, and exercised dominion over all the country on the east side of the Alleghany Mountains, including the head-waters of the Yadkin, the Catawba, the Broad, the Savannah, the Chattahoochee and the Alabama. In 1775 there were 43 Cherokee towns covering portions of this territory. In 1799 their towns numbered 51.

Treaty relations between the whites and the Cherokees began in 1721, when there was a peace council, held between the representatives of 37 towns and the authorities of South Carolina. From that time, until the treaty made with the United States government in 1866, the Cherokees were gradually pushed back from their rich hunting grounds toward the Mississippi valley. By the treaty of 1791, the United States solemnly guaranteed to the Cherokees all of their land, the whites not being permitted even to hunt on them. In 1794 and 1804 new treaties were negotiated, involving additional cessions of land. By the treaty of 1804, a road was to be cut through the Cherokee territory, free for the use of all United States citizens.

An agitation arose for the removal of the Cherokees to some point west of the Mississippi River. Some of the Indians accepted the opportunity and went to Arkansas. Others held stubbornly to their villages. Meanwhile white hunters and settlers encroached on their land; white men debauched their women, and white desperadoes stole their stock. By the treaty of 1828 the United States agreed to possess the Cherokees and to guarantee to them forever several millions of acres west of Arkansas, and in addition a perpetual outlet west, and a "free and unmolested use of all the country lying west of the western boundary of the above described limits and as far west as the sovereignty of the United States and their right of soil extend" (p. 229). The Cherokees who had settled in Arkansas agreed to leave their lands within 14 months. By the treaty of 1836 the Cherokees ceded to the United States all lands east of the Mississippi. There was considerable difficulty in enforcing this provision but by degrees most of the Indians were removed west of the river. In 1859 and 1860 the Commissioner of Indian affairs prepared a survey of the Cherokee domain. This was opposed by the head men of the nation. By the Treaty of 1866 other tribes were quartered on land owned by the Cherokees and railroads were run through their territory.

Diplomacy, money and the military forces had done their work. The first treaty, made in 1721, found the Cherokee nation in virtual possession of the mountainous regions of Southeastern United States. The twenty-fourth treaty (1866) left them on a tiny reservation, two thousand miles from their former home. Those twenty-four treaties had netted the State and Federal governments 81,220,374 acres of land (p. 378). To-day the Cherokee Nation has 63,211 acres.[6]

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[6] "Referring to your inquiry of November 20, 1919, concerning the Cherokee Indian Reservation, you are advised that the Cherokee Indian country in the northeastern part of Oklahoma aggregated 4,420,068 acres.

"Of said area 4,346,223 acres have been allotted in severalty to the enrolled members of said Cherokee Indian Nation, Oklahoma.

A great nation of proud, independent, liberty-loving men and women, came into conflict with the whites of the Carolinas and Georgia; with the state and national governments. "For two hundred years a contest involving their very existence as a people has been maintained against the unscrupulous rapacity of Anglo-Saxon civilization. By degrees they were driven from their ancestral domain to an unknown and inhabitable region" (p. 371). Now the contest is ended. The white men have the land. The Cherokees have a little patch of territory; government support; free schools and the right to accept the sovereignty of the nation that has conquered them.

The theory upon which the whites proceeded in taking the Indian lands is thus stated by Leupp,—"Originally, the Indians owned all the land; later we needed most of it for ourselves; therefore, it is but just that the Indians should have what is left." [7]

4. *The Triumph of the Whites*

The early white settlers had been, in almost every instance, hospitably or even reverentially welcomed by the Indians, who regarded them as children of the Great White Spirit. During the first bitter winters, it was the Indians who fed the colonists from their supplies of grain; guided them to the better lands, and shared with them their

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Twenty-two thousand eight hundred and eighty acres were disposed of as town lots, or reserved for railway rights of way, churches, schools, cemeteries, etc., and the remaining area has been sold, or otherwise disposed of as provided by law.

"The Cherokee tribal land in Oklahoma with the exception of the possible title of said Nation to certain river beds has been disposed of.

"In reference to the Eastern band of Cherokees, you are advised that said Indians who have been incorporated hold title in fee to certain land in North Carolina, known as the Qualla Reservation and certain other lands, aggregating 63,211 acres."—Letter from the Office of Indian Affairs. Dec. 9, 1919, "In re Cherokee land."

[7] "The Indian and His Problem," F. E. Leupp. New York, Scribners, 1910, p. 24.

knowledge of hunting, fishing and agriculture. The whites retaliated with that cunning, grasping, bestial ferocity which has spread terror through the earth during the past five centuries.

In the early years, when the whites were few and the Indians many, the whites satisfied themselves by debauching the red men with whiskey and bribing them with baubles and trinkets. At the same time they made offensive and defensive alliances with them. The Spanish in the South; the French in the North and the English between, leagued themselves with the various tribes, supplied them with gunpowder and turned them into mercenaries who fought for hire. Heretofore the Indian had been a free man, fighting his wars and feuds as free men have done time out of mind. The whites hired him as a professional soldier and by putting bounties on scalps, plying the Indians with whiskey and inciting them by every known device, they converted them into demons.

There is no evidence to show that up to the advent of the white men the Indian tribes did any more fighting among themselves than the nobles of Germany, the city states of Italy or the other inhabitants of western Europe. Indeed there has recently been published a complete translation of the "Constitution of the Five Nations," a league to enforce peace which the Indians organized about the year 1390, A. D.[8] This league which had as its object the establishment of the "Great Peace" was built upon very much the same argument as that advanced for the League of Nations of 1919.

When the whites first came to North America, the Indians were a formidable foe. For years they continued to be a menace to the lonely settler or the frontier village. But when the white settlers were once firmly established, the days of uncertainty were over, and the Indians were brushed aside as a man brushes aside a troublesome insect. Their "uprisings" and "wars" counted for little or nothing. They were inferior in numbers; they were

[8] See Bulletin 184, New York State Museum, Albany, 1916, p. 61.

poorly armed and equipped; they had no reserves upon which to draw; there was no organization among the tribes in distant portions of the country. The white millions swept onward. The Indian bands made a stand here and there but the tide of white civilization overwhelmed them, smothered them, destroying them and their civilization together.

The Indians were the first obstacle to the building of the American Empire. Three hundred years ago the whole three million square miles that is now the United States was theirs. They were the American people. To-day they number 328,111 in a population of 105,118,467 and the total area of their reservations is 53,489 square miles. (Statistical Abstract of the U. S., 1918, pp. 8 and 776.)

IV. SLAVERY FOR A RACE

1. *The Labor Shortage*

The American colonists took the land which they required for settlement from the Indians. The labor necessary to work this land was not so easily secured. The colonists had set themselves the task of establishing European civilization upon a virgin continent. In order to achieve this result, they had to cut the forests; clear the land; build houses; cultivate the soil; construct ships; smelt iron, and carry on a multitude of activities that were incidental to setting up an old way of life in a new world. The one supreme and immediate need was the need for labor power. From the earliest days of colonization there had been no lack of harbors, fertile soil, timber, minerals and other resources. From the earliest days the colonists experienced a labor shortage.

The labor situation was trebly difficult. First, there was no native labor; second, passage from Europe was so long and so hazardous that only the bold and venturesome were willing to attempt it, and third, when these adventurers did reach the new world, they had a choice between taking up free land and working it for themselves and taking service with a master. Men possessing sufficient initiative to leave an old home and make a journey across the sea were not the men to submit themselves to unnecessary authority when they might, at will, become masters of their own fortunes. The appeal of a new life was its own argument, and the newcomers struck out for themselves.

Throughout the colonies, and particularly in the South where the plantation culture of rice and tobacco, and later of cotton, called for large numbers of unskilled workers, the labor problem was acute. The abundance of raw materials and fertile land; the speedy growth of industry in

the North and of agriculture in the South; the generous profits and expanding markets created a labor demand which far outstripped the meager supply,—a demand that was met by the importation of black slaves from Africa.

2. *The Slave Coast*

The "Slave Coast" from which most of the Negroes came was discovered by Portuguese navigators, who were the first Europeans to venture down the West coast of Africa, and, rounding the "lobe" of the continent, to sail East along the "Gold Coast." The trade in gold and ivory which sprang up as a result of these early explorations led other nations of Europe to begin an eager competition which eventually brought French, Dutch, German, Danish and English commercial interests into sharp conflict with the Portuguese.

Ships sailing from the Gold Coast for home ports made a practice of picking up such slaves as they could easily secure. By 1450 the number reaching Portugal each year was placed at 600 or 700.[1] From this small and quite incidental beginning there developed a trade which eventually supplied Europe, the West Indies, North America and South America with black slaves.

Along the "Slave Coast," which extended from Cape Verde on the North to Cape St. Martha on the South, and in the hinterland there lived Negroes of varying temperaments and of varying standards of culture. Some of them were fierce and warlike. Others were docile and amenable to discipline. The former made indifferent slaves; the latter were eagerly sought after. "The Wyndahs, Nagoes and Pawpaws of the Slave Coast were generally the most highly esteemed of all. They were lusty and industrious, cheerful and submissive."[2]

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[1] History of the Gold Coast," W. W. Claridge. London, Murray, 1915, vol. I, p. 39.

[2] "American Negro Slavery," U. B. Phillips. New York, Appleton, 1908, p. 43.

The natives of the Slave Coast had made some notable cultural advances. They smelted metals; made pottery; wove; manufactured swords and spears of merit; built houses of stone and of mud, and made ornaments of some artistic value. They had developed trade with the interior, taking salt from the coast and bartering it for gold, ivory and other commodities at regular "market places."

The native civilization along the West coast of Africa was far from ideal, but it was a civilization which had established itself and which had made progress during historic times. It was a civilization that had evolved language; arts and crafts; tribal unity; village life. and communal organization. This native African civilization, in the seventeenth, eighteenth and early nineteenth centuries was confronted by an insatiable demand for black slaves. The conflicts that resulted from the efforts to supply that demand revolutionized and virtually destroyed all that was worthy of preservation in the native culture.

When the whites first went to the Slave Coast there was comparatively little slavery among the natives. Some captives, taken in war; some debtors, unable to meet their obligations, and some violators of religious rites, were held by the chief or the headman of the tribe. On occasion he would sell these slaves, but the slave trade was never established as a business until the white man organized it.

The whites came, and with guile and by force they persuaded and compelled the natives to permit the erection of forts and of trading posts. From the time of the first Portuguese settlement, in 1482, the whites began their work with rum and finished it with gun-powder. Rum destroyed the stamina of the native; gun-powder rendered his intertribal wars more destructive. These two agencies of European civilization combined, the one to degenerate, the other to destroy the native tribal life.

The traders, adventurers, buccaneers and pirates that gathered along the Slave Coast were not able to teach the natives anything in the way of cruelty, but they could and

did give them lessons in cunning, trickery and double dealing. Early in the history of the Gold Coast the whites began using the natives to make war on commercial rivals. In one famous instance, "the Dutch had instigated the King of Fetu to refuse the Assins permission to pass through his territory. These people used to bring a great deal of gold to Cape Coast Castle (English), and the Dutch hoped in this way to divert the trade to their own settlements. The King having complied and plundered some of the traders on the way down, the Assins declared war against him and were assisted by the English with arms and ammunition. The King of Sabol was also paid to help them, and the allied army (20,000 strong) inflicted a crushing defeat on the Fetus." [3]

On another occasion, the Dutch were worsted in a war with some of the native tribes. Realizing that if they were to maintain themselves on the Coast they must raise an army as quickly as possible, they approached the Fetus and bargained with them to take the field and fight the Komendas until they had utterly exterminated them, on payment of $4,500. But no sooner had this arrangement been made than the English paid the Fetus an additional $4,500 to remain neutral! [4]

Before 1750, when the competition for the slaves was less keen, and the supply came nearer to meeting the demand, the slavers were probably as honest in this as they were in any other trade with the natives. The whites encouraged and incited the native tribes to make war upon one another for the benefit of the whites. The whites fostered kidnaping, slavery and the slave trade. The natives were urged to betray one another, and the whites took advantage of their treachery. During the four hundred years that the African slave trade was continued, it was the whites who encouraged it; fostered it; and backed it financially. The slave trade was a white man's trade, car-

[3] "A History of the Gold Coast," W. W. Claridge. London, Murray, 1915, vol. I, p. 144.

[4] Ibid., p. 150.

ried on under conditions as far removed from the conditions of ordinary African life as the manufacturing and trading of Europe were removed from the manufacturing and trading of the Africans.

3. *The Slave Trade*

With the pressing demand from the Americas for a generous supply of black slaves, the business of securing them became one of the chief commercial activities of the time. "The trade bulked so large in the world's commerce in the seventeenth and eighteenth centuries that every important maritime community on the Atlantic sought a share, generally with the sanction and often with the active assistance of its respective sovereign." [5]

The catching, holding and shipping of Negroes on the African coast was the means by which the demand for slaves was met. With a few minor exceptions, the whites did not engage directly in slave catching. In most instances they bought their slaves from native brokers who lived in the coast towns. The brokers, in turn, received their slaves from the interior, where they were captured during wars, by professional raiding parties, well supplied with arms and ammunition. Slave-catching, begun as a kidnaping of individuals, developed into a large-scale traffic that provided the revenue of the more war-like natives. Villages were attacked and burned, and whole tribes were destroyed or driven off to the slave-pens on the coast. After 1750, for nearly a hundred years, the demand for slaves was so great and the profits were so large that no pains were spared to secure them.

The Slave Coast native was compelled to choose between being a slave-catcher or a slave. As a slave-catcher he spread terror and destruction among his fellows, seized them and sold them to white men. As a slave he made the long journey across the Atlantic.

[5] "American Negro Slavery," U. B. Phillips. New York, Appleton, 1918, p. 20.

The number of slaves carried away from Africa is variously estimated. Claridge states that "the Guinea Coast as a whole supplied as many as from 70,000 to 100,000 yearly" in 1700.[6] Bogart estimates the number of slaves secured as 2,500 per year in 1700; 15,000 to 20,000 per year from 1713 to 1753; in 1771, 47,000 carried by British ships alone; and in 1768 the slaves shipped from the African coast numbered 97,000.[7] Add to these numbers those who were killed in the raids; those who died in the camps, where the mortality was very high, and those who committed suicide. The total represents the disturbing influence that the slave trade introduced into the native African civilization.

In the early years of the trade the ships were small and carried only a few hundred Negroes at most. As the trade grew, larger and faster ships were built with galleries between the decks. On these galleries the blacks were forced to lie with their feet outboard—ironed together, two and two, with the chains fastened to staples in the deck. "They were squeezed so tightly together that the average space allowed to each one was but 16 inches by five and a half feet."[8] The galleries were frequently made of rough lumber, not tightly joined. Later, when the trade was outlawed, the slaves were stowed away out of sight on loose shelves over the cargo. "Where the 'tween decks space was two feet high or more, the slaves were stowed sitting up in rows, one crowded into the lap of another, and with legs on legs, like rider on a crowded toboggan." (Spears, p. 71.) There they stayed for the weeks or the months of the voyage. "In storms the sailors had to put on the hatches and seal tight the openings into the infernal cesspool." (Spears, p. 71.) The odor of a slaver was often unmistakable at a distance of five miles down wind.

[6] "History of the Gold Coast," W. W. Claridge. London, Murray, 1915, vol. I, p. 172.

[7] "Economic History of the U. S.," E. L. Bogart. New York, Longmans, 1910 ed., p. 84-5.

[8] "The American Slave Trade," J. R. Spears. New York, Scribners, 1901, p. 69.

The terrible revolt of the slaves in the West Indies, beginning in 1781, gave the growing anti-slavery sentiment an immense impetus. It also gave the slave owners pause. The cotton-gin had not yet been invented. Slavery was on a shifty economic basis in the South. Great Britain passed the first law to limit the slave trade in 1788; the United States outlawed the trade in 1794. In 1824 Great Britain declared the slave trade piracy. During these years, and during the years that followed, until the last slaver left New York Harbor in 1863, the trade continued under the American flag, in swift, specially constructed American-built ships.

As the restrictions upon the trade became more severe in the face of an increasing demand for slaves, "the fitting out of slavers developed into a flourishing business in the United States, and centered in New York City." The *New York Journal of Commerce* notes in 1857 that "down-town merchants of wealth and respectability are extensively engaged in buying and selling African Negroes, and have been, with comparatively little interruption for an indefinite number of years." A writer in the *Continental Monthly* for January, 1862, says:—"The city of New York has been until of late the principal port of the world for this infamous commerce; although the cities of Boston and Portland are only second to her in distinction." During the years 1859-1860 eighty-five slavers are reported to have fitted out in New York Harbor and these ships alone had a capacity to transport from 30,000 to 60,000 slaves a year.[9]

The merchants of the North pursued the slave trade so relentlessly because it paid such enormous profits on the capital outlay. Some of the voyages went wrong, but the trade, on the whole, netted immense returns. At the end of the eighteenth century a good ship, fitted to carry from 300 to 400 slaves, could be built for about $35,000. Such a ship would make a clear profit of from $30,000 to $100,000 in a single voyage. Some of them made as many as five

[9] "The Suppression of the American Slave Trade," W. E. B. DuBois. New York, Longmans, 1896, p. 178-9.

voyages before they became so foul that they had to be abandoned.[10] While some voyages were less profitable than others, there was no avenue of international trade that offered more alluring possibilities.

Sanctioned by potentates, blessed by the church, and surrounded with the garments of respectability, the slave trade grew, until, in the words of Samuel Hopkins (1787), "The trade in human species has been the first wheel of commerce in Newport, on which every other movement in business has depended. . . . By it the inhabitants have gotten most of their wealth and riches." (Spears, p. 20.) After the vigorous measures taken by the British Government for its suppression, the slave trade was carried on chiefly in American-built ships; officered by American citizens; backed by American capital, and under the American flag.

The slave trade was the business of the North as slavery was the business of the South. Both flourished until the Proclamation of Emancipation in 1863.

4. *Slavery in the United States*

Slavery and the slave trade date from the earliest colonial times. The first slaves in the English colonies were brought to Jamestown in 1619 by a Dutch ship. The first American-built slave ship was the *Desire,* launched at Marblehead in 1636. There were Negro slaves in New York as early as 1626, although there were only a few hundred slaves in the colonies prior to 1650.

Since slave labor is economical only where the slaves can be worked together in gangs, there was never much slavery among the farmers and small business men of the North. On the other hand, in the South, the developing plantation system made it possible for the owner to use large gangs of slaves in the clearing of new land; in the raising of

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10 "The American Slave Trade," J. R. Spears. New York, Scribners, 1901, p. 84-5.

tobacco, and in caring for rice and cotton. The plantation system of agriculture and the cotton gin made slavery the success that it was in the United States. "The characteristic American slave, indeed, was not only a Negro, but a plantation workman." [11]

The opening years of the nineteenth century found slavery intrenched over the whole territory of the United States that lay South of the Mason and Dixon line. In that territory slave trading and slave owning were just as much a matter of course as horse trading and horse owning were a matter of course in the North. "Every public auctioneer handled slaves along with other properity, and in each city there were brokers, buying them to sell again, and handling them on commission." [12]

The position of the broker is indicated in the following typical bill of sale which was published in Charleston, S. C., in 1795. "Gold Coast Negroes. On Thursday, the 17th of March instant, will be exposed to public sale near the exchange . . . the remainder of the cargo of negroes imported in the ship *Success*, Captain John Conner, consisting chiefly of likely young boys and girls in good health, and having been here through the winter may be considered in some degree seasoned to the climate." [13]

Such a bill of sale attracted no more attention at that time than a similar bill advertising cattle attracts to-day.

During the early colonial days, the slaves were better fed and provided for than were the indentured servants. They were of greater money value and, particularly in the later years when slavery became the mainstay of Southern agriculture, a first class Negro, acclimated, healthy, willing and trustworthy, was no mean asset.

Toward the end of the eighteenth century slavery began to show itself unprofitable in the South. The best and most

[11] "American Negro Slavery," U. B. Phillips. New York, Appleton, 1918, p. VII.
[12] Ibid., p. 190.
[13] Ibid., p. 40.

accessible land was exhausted. Except for the rice plantations of South Carolina and Georgia, slavery was not paying. The Southern delegates to the Constitutional Convention, with the exception of the delegates from these states, were prepared to abolish the slave trade. Some of them were ready to free their own slaves. Then came the invention of the cotton gin and the rise of the cotton kingdom. The amount of raw cotton consumed by England was 13,000 bales in 1781; 572,000 bales in 1820; and 3,366,000 bales in 1860. During that period, the South was almost the sole source of supply.

The attitude of the South, confronted by this wave of slave prosperity, underwent a complete change. Her statesmen had consented, between 1808 and 1820, to severe restrictive laws directed towards the slave trade. After cotton became king, slaves rose rapidly in price; land, once used and discarded, was again brought under cultivation; cotton-planting spread rapidly into the South and Southwest; Texas was annexed; the Mexican War was fought; an agitation was begun for the annexation of Cuba, and Calhoun (1836) declared that he "ever should regret that this term (piracy) had been applied" to the slave trade in our laws.[14]

The change of sentiment corresponded with the changing value of the slaves. Phillips publishes a detailed table of slave values in which he estimates that an unskilled, able-bodied young slave man was worth $300 in 1795; $500 to $700 in 1810; $700 to $1200 to 1840; and $1100 to $1800 in 1860.[15] The factors which resulted in the increased slave prices were the increased demand for cotton, the increased demand for slaves, and the decrease in the importation of negroes due to the greater severity of the prohibitions on the slave trade.

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[14] Benton, "Abridgment of Debates." XII, p. 718.

[15] "American Negro Slavery," U. B. Phillips. New York, Appleton, 1918, p. 370.

5. *Slavery for a Race*

The American colonists needed labor to develop the wilderness. White labor was scarce and high, so the colonists turned to slave labor performed by imported blacks. The merchants of the North built the ships and carried on the slave trade at an immense profit. The plantation owners of the South exploited the Negroes after they reached the states.

The continuance of the slave trade and the provision of a satisfactory supply of slaves for the Southern market depended upon slave-catching in Africa, which, in turn, involved the destruction of an entire civilization. This work of destruction was carried forward by the leading commercial nations of the world. During nearly 250 years the English speaking inhabitants of America took an active part in the business of enslaving, transporting and selling black men. These Americans—citizens of the United States—bought stolen Negroes on the African coast; carried them against their will across the ocean; sold them into slavery, and then, on the plantations, made use of their enforced labor.

Both slavery and the slave trade were based on a purely economic motive—the desire for profit. In order to satisfy that desire, the American people helped to depopulate villages,—to devastate, burn, murder and enslave; to wipe out a civilization, and to bring the unwilling objects of their gain-lust thousands of miles across an impassable barrier to alien shores.

V. THE WINNING OF THE WEST

1. *Westward, Ho!*

The English colonists in America occupied only the narrow strip of country between the Alleghanies and the Atlantic Ocean. The interior was inhabited by the Indians, and claimed by the French, the Spanish and the British, but neither possession nor legal title carried weight with the stream of pioneers that was making a path into the "wilderness," crying its slogan,—"Westward, Ho!" as it moved toward the setting sun. The first objective of the pioneers was the Ohio Valley; the second was the valley of the Mississippi; the third was the Great Plains; the fourth was the Pacific slope, with its golden sands. Each one of these objectives developed itself out of the previous conquest.

The settlers who made their way across the mountains into the valley of the Ohio, found themselves in a land of plenty. The game was abundant; the soil was excellent, and soon they were in a position to offer their surplus products for sale. These products could not be successfully transported across the mountains, but they could be floated down the Ohio and the Mississippi—a natural roadway to the sea. But beside the Indians, who claimed all of the land for their own, there were the Spaniards at New Orleans, doing everything in their power to prevent the American Colonists from building up a successful river commerce.

The frontiersmen were able to push back the Indians. The Spanish garrisons presented a more serious obstacle. New Orleans was a well fortified post that could be provisioned from the sea. Behind it, therefore, lay the whole power of the Spanish fleet. The right of navigation was finally obtained in the Treaty of 1795. Still friction con

tinued with the Spanish authorities and serious trouble was averted only by the transfer of Louisiana, first to the French (1800) and then by them to the United States (1803). Napoleon had agreed, when he secured this territory from the Spaniards, not to turn it over to the United States. A pressing need of funds, however, led him to strike an easy bargain with the American government which was negotiating for the control of the mouth of the Mississippi. Napoleon insisted that the United States take, not only the mouth of the river, but also the territory to the West which he saw would be useless without this outlet. After some hesitation, Jefferson and his advisers accepted the offer and the Louisiana Purchase was consummated.

The Louisiana Purchase gave the young American nation what it needed—a place in the sun. The colonists had taken land for their early requirements from the Indians who inhabited the coastal plain. They had enslaved the Negroes and thus had secured an ample supply of cheap labor. Now, the pressure of population, and the restless, pioneer spirit of those early days, led out into the West.

Until 1830 immigration was not a large factor in the increase of the colonial population, but the birth-rate was prodigious. In the closing years of the eighteenth century, Franklin estimated that the average family had eight children. There were sections of the country where the population doubled, by natural increase, once in 23 years. Indeed, the entire population of the United States was increasing at a phenomenal rate. The census of 1800 showed 5,308,483 persons in the country. Twenty years later the population was 9,638,453—an increase of 81 per cent. By 1840 the population was reported as 17,069,453—an increase of 77 per cent over 1820, and of 221 per cent over 1800.

The small farmers and tradesmen of the North were settling up the Northwest Territory. The plantation owners of the South, operating on a large scale, and with the wasteful methods that inevitably accompany slavery, were clamoring for new land to replace the tracts that had been

exhausted by constant recropping with no attempt at fertilization.

Cotton had been enthroned in the South since the invention of the cotton gin in 1792. With the resumption of European trade relations in 1815 the demand for cotton and for cotton lands increased enormously. There was one, and only one logical way to meet this demand—through the possession of the Southwest.

2. *The Southwest*

The pioneers had already broken into the Southwest in large numbers. While Spain still held the Mississippi, there were eager groups of settlers pressing against the frontier which the Spanish guarded so jealously against all comers. The Louisiana Purchase met the momentary demand, but beyond the Louisiana Purchase, and between the settlers and the rich lands of Texas lay the Mexican boundary. The tide of migration into this new field hurled itself against the Mexican border in the same way that an earlier generation had roled against the frontier of Louisiana.

The attitude of these early settlers is described with sympathetic accuracy by Theodore Roosevelt. "Louisiana was added to the United States because the hardy backwoods settlers had swarmed into the valleys of the Tennessee, the Cumberland and the Ohio by hundreds of thousands. . . . Restless, adventurous, hardy, they looked eagerly across the Mississippi to the fertile solitudes where the Spaniard was the nominal, and the Indian the real master; and with a more immediate longing they fiercely coveted the Creole provinces at the mouth of the river."[1] This fierce coveting could have only one possible outcome—the colonists got what they wanted.

[1] "The Winning of the West," Theodore Roosevelt. New York, Putnam's, 1896, vol. 4, p. 262.

The speed with which the Southwest rushed into prominence as a factor in national affairs is indicated by its contribution to the cotton-crop. In 1811 the states and territories from Alabama and Tennessee westward produced one-sixteenth of the cotton grown in the United States. In 1820 they produced a third; in 1830, a half; and by 1860, three-quarters of the cotton raised. At the same time, the population of the Alabama-Mississippi territory was:—

200,000 in 1810.
445,000 in 1820.
965,000 in 1830.
1,377,000 in 1840.

Thus thirty years saw an increase of nearly seven-fold in the population of this region.[2]

Meanwhile, slavery had become the issue of the day. The slave power was in control of the Federal Government, and in order to maintain its authority, it needed new slave states to offset the free states that were being carved out of the Northwest.

Here were three forces—first the desire of the frontiersmen for "elbow room"; second the demand of King Cotton for unused land from which the extravagant plantation system might draw virgin fertility and third, the necessity that was pressing the South to add territory in order to hold its power. All three forces impelled towards the Southwest, and it was thither that population pressed in the years following 1820.

3. *Texas*

Mexico lay to the Southwest, and therefore Mexico became the object of American territorial ambitions. The district now known as Texas had constituted a part of the Louisiana Purchase (1803); had been ceded to Spain (1819); had been made the object of negotiations looking towards its

[2] "American Negro Slavery," U. B. Phillips. New York, Appleton, 1918, pp. 171-2.

purchase in 1826; had revolted against Mexico and been recognized as an independent state in 1835.

Texas had been settled by Americans who had secured the permission of the Mexican Government to colonize. These settlers made no effort to conceal their opposition to the Mexican Government, with which they were entirely out of sympathy. Many of them were seeking territory in which slavery might be perpetuated, and they introduced slaves into Texas in direct violation of the Mexican Constitution. The Americans did not go to Texas with any idea of becoming Mexican subjects; on the contrary, as soon as they felt themselves strong enough, they declared their independence of Mexico, and began negotiations for the annexation of Texas to the United States.

The Texan struggle for independence from Mexico was cordially welcomed in all parts of the United States, but particularly in the South. Despite the protests of Mexico, public meetings were held; funds were raised; volunteers were enlisted and equipped, and supplies and munitions were sent for the assistance of the Texans in ships openly fitted out in New Orleans.

No sooner had the Texans established a government than the campaign for annexation was begun. The advocates of annexation—principally Southerners—argued in favor of adding so rich and so logical a prize to the territory of the United States, citing the purchase of Louisiana and of Florida as precedents. Their opponents, first on constitutional grounds and then on grounds of public policy, argued against annexation.

Opinion in the South was greatly aroused. Despite the fact that many of her foremost statesmen were against annexation, some of the Southern newspapers even went so far as to threaten the dissolution of the Union if the treaty of ratification failed to pass the Senate.

The campaign of 1844 was fought on the issue of annexation and the election of James K. Polk was a pledge that Texas should be annexed to the United States. During

the campaign, the line of division on annexation had been a party line—Democrats favoring; Whigs opposing. Between the election and the passage of the joint resolution by which annexation was consummated, it became a sectional issue,—Southern Whigs favoring annexation and Northern Democrats opposing it.

So strong was the protest against annexation, that the treaty could not command the necessary two-thirds vote in the Senate. The matter was disposed of by the passage of a joint resolution (March 1, 1845) which required only a majority vote in both houses of Congress. President Polk therefore took office with the mandate of the country and the decision of both houses of the retiring Congress, in favor of annexation.

Mexico, in the meantime, had offered to recognize the independence of Texas and to make peace with her if the Texas Congress would reject the joint resolution, and refuse the proffered annexation. This the Texas Congress refused, and with the passage, by that body, of an act providing for annexation, the Mexican minister was withdrawn from Washington, and Mexico began her preparations for war.

President Polk had taken office with the avowed intention of buying California from Mexico. The rupture threatened to prevent him from carrying this plan into effect. He therefore sent an unofficial representative to Mexico in an effort to restore friendly relations. Failing in that, he and his advisers determined upon war as the only feasible method of obtaining California and of settling the diplomatic tangle involved in the annexation of Texas.

4. *The Conquest of Mexico*

The Polk Administration made the Mexican War as a part of its expansionist policy.

"Although that unfortunate country (Mexico) had officially notified the United States that the annexation of

Texas would be treated as a cause of war, so constant were the internal quarrels in Mexico that open hostilities would have been avoided had the conduct of the Administration been more honorable. That was the opinion of Webster, Clay, Calhoun, Benton, and Tyler. . . . Mexico was actually goaded on to war. The principle of the manifest destiny of this country was invoked as a reason for the attempt to add to our territory at the expense of Mexico.'' [3]

After the annexation of Texas it became the duty of the United States to defend that state against the threatened Mexican invasion.

Mexican troops had occupied the southern bank of the Rio Grande. General Zachary Taylor with a small force, moved to a position on the Nueces River. Between the two rivers lay a strip of territory the possession of which was one of the sources of dispute between Mexico and Texas. What followed may be stated in the words of one of the officers who participated in the expedition: ''The presence of the United States troops on the edge of the territory farthest from the Mexican settlements was not sufficient to provoke hostilities. We were sent to provoke a fight, but it was essential that Mexico begin it'' (p. 41). ''Mexico showing no willingness to come to the Nueces to drive the invaders from her soil, it became necessary for the 'invaders' to approach to within a convenient distance to be struck. Accordingly, preparations were begun for moving the army to the Rio Grande, to a point near Matamoras. It was desirable to occupy a position near the largest center of population possible to reach without actually invading territory to which we set up no claim whatever'' (p. 45).[4]

The occupation, by the United States troops, of the disputed territory soon led to a clash in which several United States soldiers were killed. The incident was taken by the President as a sufficient cause for the declaration of a

[3] "History of the United States," James F. Rhoades. New York, Macmillan, 1906, vol. I, p. 87.

[4] "Personal Memoirs," U. S. Grant. New York, Century, 1895, vol. I.

state of war. The House complied readily with his wishes, passing the necessary resolution. Several members of the Senate begged for a delay during which the actual state of affairs might be ascertained. The President insisted, however, and the war was declared (May 13, 1846).

The declaration of war was welcomed with wild enthusiasm in the South. Meetings were called; funds were raised; volunteers were enlisted, equipped and despatched in all haste to the scene of the conflict.

The North was less eager. There were protests, petitions, demonstrations. Many of the leaders of northern opinion took a public stand against the war. But the news of the first victories sent the country mad with an enthusiasm in which the North joined the South.

The United States troops, during the Mexican War, won brilliant—almost unbelievable successes—against superior forces and in the face of immense natural obstacles. Had the war been less of a military triumph there must have been a far more widely-heard protest from Polk's enemies in the North. Successful beyond the wildest dreams of its promoters, the victorious war carried its own answer to those who questioned the worthiness of the cause. Within two years, the whole of Mexico was under the military control of the United States, and that country was in a position to dictate its own terms.

The demands of the United States were mild to the extent of generosity. Under the treaty the annexation of Texas was validated; New Mexico and Upper California were ceded to the United States; the lower Rio Grande was fixed as the southern boundary of Texas, and in considerations of these additions to its territory, the United States agreed to pay Mexico fifteen millions of dollars.

Under this plan, Mexico was paid for territory that she did not need and could not use, while the United States gave a money consideration for the title to land that was already hers by right of conquest, and of which she was in actual possession.

The details of the treaty are relatively unimportant. The outstanding fact is that Mexico was in possession of certain territory that the ruling power in the United States wanted, and that ruling power took what it wanted by force of arms. "The war was one of conquest in the interest of an institution." It was "one of the most unjust ever waged by a stronger against a weaker nation." [5]

Congressman A. P. Gardner of Massachusetts summarized the matter very pithily in his debate with Morris Hillquit (New York, April 2, 1915), "We assisted Texas to get away from Mexico and then we proceeded to annex Texas. Plainly and bluntly stated, our purpose was to get some territory for American development." (Stenographic report in the *New York Call,* April 11, 1915.)

4. *Conquering the Conquered*

The work of conquering the Southwest was not completed by the termination of the war. Mexico ceded the territory —in the neighborhood of a million square miles—but she was giving away something that she had never possessed. Mexico claimed title to land that was occupied by the Indians. She had never conquered it; never settled it; never developed it. Her sovereignty was of the same shadowy sort that Spain had exercised over the country before the Mexican revolution.

The new owners of the Southwest had a very different purpose in mind. No empty title would satisfy them. They intended to use the land. The Indians—already in possession—resented the encroachments of the invaders, but they fared no better than the Mexicans, or than their red-skinned brothers who had contended for the right to fish and hunt along their home streams in the Appalachians. The Indians of the Southwest fought stubbornly, but the wars that meant life and death to them were the merest

[5] "Personal Memoirs," U. S. Grant. New York, Century, 1895, vol. I, pp. 115 and 32.

pastime for an army that had just completed the humiliation of a nation of the size and strength of Mexico. The Indians were swept aside, and the country was opened to the trapper, the prospector, the trader and the settler.

The Mexican War was a slight affair, involving a relatively small outlay in men and money. The total number of American soldiers killed in the war was 1,721; the wounded were 4,102; the deaths from accident and disease were 11,516, making total casualties of 5,823 and total losses of 15,618.[6]

The money cost of the Mexican War—the army and navy appropriations for the years 1846 to 1849 inclusive—was $119,624,000. Obviously the net cost of the war was less than this gross total,—how much less it is impossible to say.

No satisfactory figures are available to show the cost in men and money of the Indian Wars in the Southwest. "From 1849 to 1865, the government expended $30,000,000 in the subjugation of the Indians in the territories of New Mexico and Arizona."[7] Their character may be gauged by noting from the "Historical Register" (Vol. 2, p. 281-2) the losses sustained in the four Indian Wars of which a record is preserved. In the Northwest Indian Wars (1790 to 1795) 896 persons were killed and 436 were wounded; in the Seminole War (1817 to 1818) 46 were killed and 36 were wounded; in the Black Hawk War (1831-2) the killed were 26 and the wounded 39; in the Seminole War (1835-1842) 383 were killed and 557 wounded. These were among the most serious of the Indian Wars and in all of them the cost in life and limb was small. Judged on this standard, the losses in the Southwest, during the Indian Wars, were, at most, trifling. The total outlay that was involved in the conquest of the vast domain would not have covered one first class battle of the Great War, and yet this outlay added

[6] "Historical Register of the United States Army," F. B. Heitman. Washington, Govt. Print., vol. 2, p. 282.

[7] "The Story of New Mexico," Horatio O. Ladd. Boston, D. Lothrop Co., 1891, p. 333.

to the territory of the United States something like a million square miles containing some of the richest and most productive portions of the earth's surface.

This domain was won by a process of military conquest; it was taken from the Mexicans and the Indians by force of arms. In order to acquire it, it was necessary to drive whole tribes from their villages; to burn; to main; to kill. "St. Louis, New Orleans, St. Augustine, San Antonio, Santa Fe and San Francisco are cities that were built by Frenchmen and Spaniards; we did not found them but we conquered them." "The Southwest was conquered only after years of hard fighting with the original owners" (p. 26). "The winning of the West and the Southwest is a stage in the conquest of a continent" (p. 27). "This great westward movement of armed settlers was essentially one of conquest, no less than of colonization" (p. 370).[8] None of the possessors of this territory were properly armed or equipped for effective warfare. All of them fell an easy prey to the organized might of the Government of the United States.

8 "The Winning of the West," Theodore Roosevelt. Vol. I, p. 26, 27, and Vol. II, p. 370.

VI. THE BEGINNINGS OF WORLD DOMINION

1. *The Shifting of Control*

During the half century that intervened between the War of 1812 and the Civil War of 1861 the policy of the United States government was decided largely by men who came from south of the Mason and Dixon line. The Southern whites,—class-conscious rulers with an institution (slavery) to defend,—acted like any other ruling class under similar circumstances. They favored Southward expansion which meant more territory in which slavery might be established.

The Southerners were looking for a place in the sun where slavery, as an institution, might flourish for the profit and power of the slave-holding class. Their most effective move in this direction was the annexation of Texas and the acquisition of territory following the Mexican War. An insistent drive for the annexation of Cuba was cut short by the Civil War.

Southern sentiment had supported the Louisiana Purchase of 1803 and the Florida Purchase of 1819. From Jefferson's time Southern statesmen had been advocating the purchase of Cuba. Filibustering expeditions were fitted out in Southern ports with Cuba as an objective; agitation was carried on, inside and outside of Congress; between 1850 and 1861 the acquisition of Cuba was the question of the day. It was an issue in the Campaign of 1853. In 1854 the American ministers to London, France and Madrid met at the direction of the State Department and drew up a document (the "Ostend Manifesto") dealing with the future of Cuba. McMaster summarizes the Manifesto in these words: "The United States ought to buy Cuba because of its nearness to our coast; because it belonged naturally to that great group of states of which

the Union was the providential nursery; because it commanded the mouth of the Mississippi whose immense and annually growing trade must seek that way to the ocean, and because the Union could never enjoy repose, could never be secure, till Cuba was within its boundaries." (Vol. viii, pp. 185-6.) If Spain refused to sell Cuba it was suggested that the United States should take it.

The Ostend Manifesto was rejected by the State Department, but it was a good picture of the imperialistic sentiment at that time abroad among certain elements in the United States.

The Cuban issue featured in the Lincoln-Douglas Debates in 1858. It was hotly discussed by Congress in 1859. Only twenty years had passed since the United States, by force of arms, had taken from Mexico territory that she coveted. Now it was proposed to appropriate territory belonging to Spain.

The outbreak of hostilities deferred the project, and when the Civil War was over, the slave power was shattered. From that time forward national policy was guided by the leaders of the new industrial North.

The process of this change was fearfully wasteful. The shifting of power from the old régime to the new cost more lives and a greater expenditure of wealth than all of the wars of conquest that had been fought during the preceding half century.

The change was complete. The slaves were liberated by Presidential Proclamation. The Southern form of civilization—patriarchal and feudal—disappeared, and upon its ruins—rapidly in the West; slowly in the South—there arose the new structure of an industrial civilization.

The new civilization had no need to look outward for economic advantage. Forest tracts, mineral deposits and fertile land afforded ample opportunity at home. It was three thousand miles to the Pacific and at the end of the journey there was gold! The new civilization therefore turned its energies to the problem of subduing the con-

tinent and of establishing the machinery necessary to provide for its vastly increasing needs. A small part of the capital required for this purpose came from abroad. Most of it was supplied at home. But the events involved in opening up the territory west of the Rockies, of spanning the country with steel, and providing outlets for the products of the developing industries were so momentous that even the most ambitious might fulfill his dreams of conquest without setting foot on foreign soil. Territorial aggrandizement was forgotten, and men turned with a will to the organization of the East and the exploration and development of the West.

The leaders of the new order found time to take over Alaska (1868) with its 590,884 square miles. The move was diplomatic rather than economic, however, and it was many years before the huge wealth of Alaska was even suspected.

2. *Hawaii*

The new capitalist interests began to feel the need of additional territory toward the end of the nineteenth century. The desirable resources of the United States were largely in private hands and most of the available free land had been pre-empted. Beside that, there were certain interests, like sugar and tobacco, that were looking with longing eyes toward the tempting soil and climate of Hawaii, Porto Rico and Cuba.

When the South had advocated the annexation of Texas, its statesmen had been denounced as expansionists and imperialists. The same fate awaited the statesmen of the new order who were favoring the extension of United States territory to include some of the contiguous islands that offered special opportunities for certain powerful financial interests.

The struggle began over the annexation of Hawaii. After numerous attempts to annex Hawaii to the United States a revolution was finally consummated in Honolulu

in 1893. At that time, under treaty provisions, the neutrality of Hawaii was guaranteed by the United States. Likewise, "of the capital invested in the islands, two-thirds is owned by Americans." This statement is made in "Address by the Hawaiian Branches of the Sons of the American Revolution, the Sons of Veterans, and the Grand Army of the Republic to their compatriots in America Concerning the Annexation of Hawaii." (1897.) These advocates of annexation state in the same address that: "The revolution (of 1893) was not the work of filibusterers and adventurers, but of the most conservative and law-abiding citizens, of the principal tax-payers, the leaders of industrial enterprises, etc." The purpose behind the revolution seemed clear. Certain business men who had sugar and other products to sell in the United States, believed that they would gain, financially, by annexation. They engineered the revolution of 1893 and they were actively engaged in the agitation for annexation that lasted until the treaty of annexation was confirmed by the United States in 1898. The matter was debated at length on the floor of the United States Senate, and an investigation revealed the essential facts of the case.

The immediate cause of the revolution in 1893 was friction over the Hawaiian Constitution. After some agitation, a "Committee of Safety" was organized for the protection of life and property on the islands. Certain members of the Hawaiian government were in favor of declaring martial law, and dealing summarily with the conspirators. The Queen seems to have hesitated at such a course because of the probable complications with the government of the United States.

The *U. S. S. Boston,* sent at the request of United States Minister Stevens to protect American life and property in the Islands, was lying in the harbor of Honolulu. After some negotiations between the "Committee of Safety" and Minister Stevens, the latter requested the Commander of the *Boston* to land a number of marines. This was done on the afternoon of January 16, 1893. Immediately the

Governor of the Island of Oahu and the Minister of Foreign Affairs addressed official communications to the United States Minister, protesting against the landing of troops "without permission from the proper authorities." Minister Stevens replied, assuming full responsibility.

On the day following the landing of the marines, the Committee of Safety, under the chairmanship of Judge Dole, who had resigned as Justice of the Supreme Court of Hawaii in order to accept the Chairmanship of the Committee, proceeded to the government building, and there, under cover of the guns of the United States Marines, who were drawn up for the purpose of protecting the Committee against possible attack, a proclamation was read, declaring the abrogation of the Hawaiian monarchy, and the establishment of a provisional government "to exist until terms of union with the United States have been negotiated and agreed upon." Within an hour after the reading of this proclamation, and while the Queen and her government were still in authority, and in possession of the Palace, the Barracks, and the Police Station, the United States Minister gave the Provisional Government his recognition.

The Queen, who had 500 soldiers in the Barracks, was inclined to fight, but on the advice of her counselors, she yielded "to the superior force of the United States of America" until the facts could be presented at Washington, and the wrong righted.

Two weeks later, on the first of February, Minister Stevens issued a proclamation declaring a protectorate over the islands. This action was later repudiated by the authorities at Washington, but on February 15, President Harrison submitted a treaty of annexation to the Senate. The treaty failed of passage, and President Cleveland, as one of his first official acts, ordered a complete investigation of the whole affair.

The Senate Committee on Foreign Relations submitted a report on the matter February 26, 1894. Four members

referred to the acts of Minister Stevens as "active, officious and unbecoming participation in the events which led to the revolution." All members of the committee agreed that his action in declaring a protectorate over the Islands was unjustified.

The same kind of a fight that developed over the annexation of Texas now took place over the annexation of Hawaii. A group of senators, of whom Senator R. F. Pettigrew was the most conspicuous figure, succeeded in preventing the ratification of the annexation treaty until July 7, 1898. Then, ten weeks after the declaration of the Spanish-American War, under the stress of the war-hysteria, Hawaii was annexed by a joint resolution of Congress.

The Annexation of Hawaii marks a turning point in the history of the United States. For the first time, the American people secured possession of territory lying outside of the mainland of North America. For the first time the United States acquired territory lying within the tropics. The annexation of Hawaii was the first imperialistic act after the annexation of Texas, more than fifty years before. It was the first imperialistic act since the capitalists of the North had succeeded the slave-owners of the South as the masters of American public life.

3. *The Spanish-American War*

The real test of the imperial intentions of the United States came with the Spanish-American War. An old, shattered world empire (Spain) held Porto Rico, Cuba and the Philippines. Porto Rico and Cuba were of peculiar value to the sugar and tobacco interests of the United States. They were close to the mainland, they were enormously productive and, furthermore, Cuba contained important deposits of iron ore.

Spain had only a feeble grip on her possessions. For years the natives of Cuba and of the Philippines had been

in revolt against the Spanish power. At times the revolt was covert. Again it blazed in the open.

The situation in Cuba was rendered particularly critical because of the methods used by the Spanish authorities in dealing with the rebellious natives. The Spaniards were simply doing what any empire does to suppress rebellion and enforce obedience, but the brutalities of imperialism, as practiced in Cuba by the Spaniards, gave the American interventionists their opportunity. Day after day the newspapers carried front page stories of Spanish atrocities in Cuba. Day after day the ground was prepared for open intervention in the interests of the oppressed Cubans. There was more than grim humor in the instructions which a great newspaper publisher is reported to have sent his cartoonist in Cuba,—"You provide the pictures; we'll furnish the war."

The conflict was precipitated by the blowing up of the United States battleship *Maine* as she lay in the harbor of Havana (February 15, 1898). It has not been settled to this day whether the *Maine* was blown up from without or within. At the time it was assumed that the ship was blown up by the Spanish, although "there was no evidence whatever that any one connected with the exercise of Spanish authority in Cuba had had so much as guilty knowledge of the plans made to destroy the *Maine*" (p. 270), and although "toward the last it had begun to look as if the Spanish Government were ready, rather than let the war feeling in the United States put things beyond all possibility of a peaceful solution, to make very substantial concessions to the Cuban insurgents and bring the troubles of the Island to an end" (p. 273-4).[1]

Congress, in a joint resolution passed April 20, 1898, declared that "the people of the Island of Cuba are, and of right ought to be, free and independent. . . . The United States hereby disclaims any intention to exercise sovereignty, jurisdiction or control over said island except for

[1] "A History of the American People," Woodrow Wilson. New York, Harpers, 1902, Vol. V, pp. 273-4.

the pacification thereof, and asserts its determination, when that is accomplished, to leave the government and control of the island to its people."

The war itself was of no great moment. There was little fighting on land, and the naval battles resulted in overwhelming victories for the American Navy. The treaty, ratified February 6, 1899, provided that Spain should cede to the United States Guam, Porto Rico, Cuba and the Philippines, and that the United States should pay to Spain twenty millions of dollars. As in the case of the Mexican War, the United States took possession of the territory and then paid a bonus for a clear title.

The losses in the war were very small. The total number of men who were killed in action and who died of wounds was 289; while 3,949 died of accidents and disease. ("Historical Register," Vol. 2, p. 187.) The cost of the war was comparatively slight. Hostilities lasted from April 21, 1898 to August 12, 1898. The entire military and naval expense for the year 1898 was $443,368,000; for the year 1899, $605,071,000. Again the need for a larger place in the sun had been felt by the people of the United States and again the United States had won immense riches with a tiny outlay in men and money.

Now came the real issue,—What should the United States do with the booty?

There were many who held that the United States was bound to set the peoples of the conquered territory free. To be sure the specific pledge contained in the joint resolution of April 20, 1898, applied to Cuba alone, but, it was argued, since the people of the Philippines had also been fighting for liberty, and since they had come so near to winning their independence from the Spaniards, they were likewise entitled to it.

On the other hand, the advocates of annexation insisted that it was the duty of the United States to accept the responsibilities (the "white man's burden") that the acquisition of these islands involved.

As President McKinley put it:—"The Philippines, like Cuba and Porto Rico, were entrusted to our hands by the providence of God." (President McKinley, Boston, February 16, 1899.) How was the country to avoid such a duty?

Thus was the issue drawn between the "imperialists" and the "anti-imperialists."

The imperialists had the machinery of government, the newspapers, and the prestige of a victorious and very popular war behind them. The anti-imperialists had half a century of unbroken tradition; the accepted principles of self-government; the sayings of men who had organized the Revolution of 1776; written the Declaration of Independence; held exalted offices and piloted the nation through the Civil War.

The imperialists used their inside position. The anti-imperialists appealed to public opinion. They organized a league "to aid in holding the United States true to the principles of the Declaration of Independence. It seeks the preservation of the rights of the people as guaranteed to them by the Constitution. Its members hold self-government to be fundamental, and good government to be but incidental. It is its purpose to oppose by all proper means the extension of the sovereignty of the United States over subject peoples. It will contribute to the defeat of any candidate or party that stands for the forcible subjugation of any people." (From the declaration of principle printed on the literature in 1899 and 1900.) Anti-imperialist conferences were held in New York, Philadelphia, Chicago, Indianapolis, Boston and other large cities. The League claimed to have half a million members. An extensive pamphlet literature was published, and every effort was made to arouse the people of the country to the importance of the decision that lay before them.

The imperialists said a great deal less than their opponents, but they were more effective in their efforts. The President had said, in his message to Congress (April 1,

1898), "I speak not of forcible annexation, for that cannot be thought of. That, by our code of morals, would be criminal aggression." The phrase was seized eagerly by those who were opposing the annexation of the Spanish possessions. After the war with Spain had begun, the President changed front on the ground that destiny had placed a responsibility upon the American people that they could not shirk. Taking this view of the situation, the President had only one course open to him—to insist upon the annexation of the Philippines, Porto Rico and Guam. This was the course that was followed, and on April 11, 1899, these territories were officially incorporated into the United States.

Senator Hoar, in a speech on January 9, 1899, put the issue squarely. He described it as "a greater danger than we have encountered since the Pilgrims landed at Plymouth—the danger that we are to be transformed from a republic, founded on the Declaration of Independence, guided by the counsels of Washington, into a vulgar, commonplace empire, founded upon physical force."

Cuba remained to be disposed of. With the specific guarantee of independence contained in the joint resolution passed at the outbreak of the war, it seemed impossible to do otherwise than to give the Cubans self-government. Many influential men lamented the necessity, but it was generally conceded. But how much independence should Cuba have? That question was answered by the passage of the Cuban Treaty with the "Platt Amendment" attached. Under the treaty as ratified the United States does exercise "sovereignty, jurisdiction and control" over the island.

4. *The Philippines*

The territory acquired from Spain was now, in theory, disposed of. Practically, the Philippines remained as a source of difficulty and even of political danger.

The people of Cuba were, apparently, satisfied. The Porto Ricans had accepted the authority of the United

States without question. But the Filipinos were not content. If the Cubans were to have self-government, why not they?

The situation was complicated by the peculiar relations existing between the Filipinos and the United States Government. Immediately after the declaration of war with Spain the United States Consul-General at Singapore had cabled to Admiral Dewey at Hong Kong that Aguinaldo, leader of the insurgent forces in the Philippines, was then at Singapore, and was ready to go to Hong Kong. Commodore Dewey cabled back asking Aguinaldo to come at once to Hong Kong. Aguinaldo left Singapore on April 26, 1898, and, with seventeen other revolutionary Filipino chiefs, was taken from Hong Kong to Manila in the United States naval vessel *McCulloch*. Upon his arrival in Manila, he at once took charge of the insurgents.

For three hundred years the inhabitants of the Philippines had been engaged in almost incessant warfare with the Spanish authorities. In the spring of 1898 they were in a fair way to win their independence. They had a large number of men under arms—from 20,000 to 30,000; they had fought the Spanish garrisons to a stand-still, and were in practical control of the situation.

Aguinaldo was furnished with 4,000 or 5,000 stands of arms by the American officials, he took additional arms from the Spaniards and he and his people coöperated actively with the Americans in driving the Spanish out of Luzon. The Filipino army captured Iloilo, the second largest city in the Philippines, without the assistance of the Americans. On the day of the surrender of Manila, 15½ miles of the surrounding line was occupied by the Filipinos and 600 yards by the American troops. Throughout the early summer, the relations between the Filipinos and the Americans continued to be friendly. General Anderson, in command of the American Army, wrote a letter to the commander of the Filipinos (July 4, 1898) in which he said,—"I desire to have the most amicable relations with you and to have you and your people coöperate with

us in military operations against the Spanish forces." During the summer the American officers called upon the Filipinos for supplies and information and accepted their coöperation. Aguinaldo, on his part, treated the Americans as deliverers, and in his proclamations referred to them as "liberators" and "redeemers."

The Filipinos, at the earliest possible moment, organized a government. On June 18 a republic was proclaimed; on the 23rd the cabinet was announced; on the 27th a decree was published providing for elections, and on August 6th an address was issued to foreign governments, announcing that the revolutionary government was in operation, and was in control of fifteen provinces.

The real intent of the Americans was foreshadowed in the instructions handed by President McKinley to General Wesley Merritt on May 19, 1898. General Merritt was directed to inform the Filipinos that "we come not to make war upon the people of the Philippines, nor upon any party or faction among them, but to protect them in their homes, in their employments, and in their personal and religious rights. Any persons who, either by active aid or by honest submission, coöperate with the United States in its effort to give effect to this beneficent purpose, will receive the reward of its support and protection."

The Filipinos sent a delegation to Paris to lay their claims for independence before the Peace Commission. Meeting with no success, they visited Washington, with no different result. They were not to be free!

On September 8, 1898, General Otis, commander of the American forces in the Philippines, notified Aguinaldo that unless he withdrew his forces from Manila and its suburbs by the 15th "I shall be obliged to resort to forcible action." On January 5, 1899, by Presidential Proclamation, McKinley ordered that "The Military Government heretofore maintained by the United States in the city, harbor, and bay of Manila is to be extended with all possible dispatch to the whole of the ceded territory." On February

4, 1899, General Otis reported "Firing upon the Filipinos and the killing of one of them by the Americans, leading to return fire." (Report up to April 6, 1899.) Then followed the Philippine War during which 1,037 Americans were killed in action or died of wounds; 2,818 were wounded, and 2,748 died of disease. ("Historical Register," Vol. II, p. 293.)

The Philippines were conquered twice—once in a contest with Spain (in coöperation with the Filipinos, who regarded themselves as our allies), and once in a contest with the Filipinos, the native inhabitants, who were made subjects of the American Empire by this conquest.[1]

5. *Imperialism Accepted*

The Philippine War was the last political episode in the life of the American Republic. From February 4, 1899, the United States accepted the political status of an Empire. Hawaii had been annexed at the behest of the Hawaiian Government; Porto Rico had been occupied as a part of the war strategy and without any protest from the Porto Ricans. The Philippines were taken against the determined opposition of the natives, who continued the struggle for independence during three bitter years.

The Filipinos were fighting for independence—fighting to drive invaders from their soil. The United States authorities had no status in the Philippines other than that of military conquerors.

Continental North America was occupied by the whites after a long struggle with the Indian tribes. This territory was "conquered"—but it was contiguous—it formed a part of a geographic unity. The Philippines were separated from San Francisco by 8,000 miles of water; geographically they were a part of Asia. They were tropical in char-

[2] For further details on the Philippine problem see Senate Document 62, Part I, 55th Congress, Third Session.

acter, and were inhabited by tribes having nothing in common with the American people except their common humanity. Nevertheless, despite non-contiguity; despite distance; despite dissimilarity in languages and customs, the soldiers of the United States conquered the Filipinos and the United States Government took control of the islands, acting in the same way that any other empire, under like circumstances, unquestionably would have acted.

There was no strategic reason that demanded the Philippines unless the United States desired to have an operating base near to the vast resources and the developing markets of China. As a vantage point from which to wage commercial and military aggression in the Far East, the Philippines may possess certain advantages. There is no other excuse for their conquest and retention by the United States save the economic excuse of advantages to be gained from the possession of the islands themselves.

The end of the nineteenth century saw the end of the Republic about which men like Jefferson and Lincoln wrote and dreamed. The New Century marked the opening of a new epoch—the beginning of world dominion for the United States.

VII. THE STRUGGLE FOR WEALTH AND POWER

1. *Economic Foundations*

THE people of the United States, through their contests with the American Indians, the Mexicans and the Filipinos, have established that "supreme and extensive political domination" which is one of the chief characteristics of empire.

But the American Empire does not rest upon a political basis. Only the most superficial portions of its superstructure are political in character. Imperialism in the United States, as in every other modern country, is built not upon politics, but upon industry.

The struggle between empires has shifted, in recent years, from the political and the military to the economic field. The old imperialism was based on military conquest and political domination. The new "financial" imperialism is based on economic opportunities and advantages. Under this new régime, territorial domination is subordinated to business profit.

While American public officials were engaged in the routine task of extending the political boundaries of the United States, the foundations of imperial strength were being laid by the masters of industrial life—the traders, manufacturers, bankers, the organizers of trusts and of industrial combinations. These owners and directors of the nation's wealth have been the real builders of the American Empire.

As the United States has developed, the economic motives have come more and more to the surface, until no modern nation—not England herself—has such a record in the search for material possessions. The pursuit of wealth, in the United States, has been carried forward ruthlessly; brutally. "Anything to win" has been the motto. Man

against man, and group against group, they have struggled for gain,—first, in order to "get ahead;" then to accumulate the comforts and luxuries, and last of all, to possess the immense power that goes with the control of modern wealth.

The early history of the country presaged anything but this. The colonists were seeking to escape tyranny, to establish justice and to inaugurate liberty. Their promises were prophetic. Their early deeds put the world in their debt. Forward looking people everywhere thrilled at the mention of the name "America." Then came the discovery of the fabulous wealth of the new country; the pressure of the growing stream of immigrants; the heaping up of riches; the rapacious search after more! more! the desertion of the dearest principles of America's early promise, and the transcribing of another story of "economic determinism."

Until very recent times the American people continued to talk of political affairs as though they were the matters of chief public concern. The recent growth and concentration of economic power have showed plainly, however, that America was destined to play her greatest rôle on the economic field. Capable men therefore ceased to go into politics and instead turned their energies into the whirl of business, where they received a training that made them capable of handling affairs of the greatest intricacy and magnitude.

2. *Every Man for Himself*

The development of American industry, during the hundred years that began with the War of 1812, led inevitably to the unification of business control in the hands of a small group of wealth owners.

"Every man for himself" was the principle that the theorists of the eighteenth century bequeathed to the industrial pioneers of the nineteenth. The philosophy of individualism fitted well with the temperament and experience of the English speaking peoples; the practice of in-

dividualism under the formula "Every man for himself" seemed a divine ordination for the benefit of the new industry.

The eager American population adopted the slogan with enthusiasm. "Every man for himself" was the essence of their frontier lives; it was the breath of the wilderness.

But the idea failed in practice. Despite the assurances of its champions that individualism was necessary to preserve initiative and that progress was impossible without it, like many another principle—fine sounding in theory, it broke down in the application.

The first struggle that confronted the ambitious conqueror of the new world was the struggle with nature. Her stores were abundant, but they must be prepared for human use. Timber must be sawed; soil tilled; fish caught; coal mined; iron smelted; gold extracted. Rivers must be bridged; mountains spanned; lines of communication maintained. The continent was a vast storehouse of riches—potential riches. Before they could be made of actual use, however, the hand of man must transform them and transport them.

These necessary industrial processess were impossible under the "every man for himself" formula. Here was a vast continent, with boundless opportunities for supplying the necessaries and comforts of life—provided men were willing to come together; divide up the work; specialize; and exchange products.

Coöperation—alone—could conquer nature. The basis of this coöperation proved to be the machine. Its means was the system of production and transportation built upon the use of steam, electricity, gas, and labor saving appliances.

When the United States was discovered, the shuttle was thrown by hand; the hammer was wielded by human arm; the mill-stones were turned by wind and water; the boxes and bales were carried by pack-animals or in sailing vessels, —these processess of production and transportation were

conducted in practically the same way as in the time of Pharaoh or of Alexander the Great. A series of discoveries and inventions, made in England between 1735 and 1784, substituted the machine for the tool; the power of steam for the power of wind, water or human muscle; and and set up the factory to produce, and the railroad and the steamboat to transport the factory product.

American industry, up to 1812, was still conducted on the old, individualistic lines. Factories were little known. Men worked singly, or by twos and threes in sheds or workrooms adjoining their homes. The people lived in small villages or on scattered farms. Within the century American industry was transformed. Production shifted to the factory; about the factory grew up the industrial city in which lived the tens or hundreds of thousands of factory workers and their families.

The machine made a new society. The artisan could not compete with the products of the machine. The home workshop disappeared, and in its place rose the factory, with its tens, its hundreds and its thousands of operatives.

Under the modern system of machine production, each person has his particular duty to perform. Each depends, for the success of his service, upon that performed by thousands of others.

All modern industry is organized on the principle of coöperation, division of labor, and specialization. Each has his task, and unless each task is performed the entire system breaks down.

Never were the various branches of the military service more completely dependent upon each other than are the various departments of modern economic life. No man works alone. All are associated more or less intimately with the activities of thousands and millions of their fellows, until the failure of one is the failure of all, and the success of one is the success of all.

Such a development could have only one possible result, —people who worked together must live together. Scat-

tered villages gave place to industrial towns and cities. People were compelled to coöperate in their lives as well as in their labor.

The theory under which the new industrial society began its operations was "every man for himself." The development of the system has made every man dependent upon his fellows. The principle demanded an extreme individualism. The practice has created a vast network of inter-relations, that leads the cotton spinner of Massachusetts to eat the meat prepared by the packing-house operative in Omaha, while the pottery of Trenton and the clothing of New York are sent to the Yukon in exchange for fish and to the Golden Gate for fruit. Inside as well as outside the nation, the world is united by the strong hands of economic necessity. None can live to himself, alone. Each depends upon the labor of myriads whom he has never seen and of whom he has never heard. Whether we will or no, they are his brothers-in-labor—united in the Atlas fellowship of those who carry the world upon their shoulders.

The theory of "every man for himself" failed. The practical exigencies involved in subjugating a continent and wresting from nature the means of livelihood made it necessary to introduce the opposite principle,—"In Union there is strength; coöperation achieves all things."

3. *The Struggle for Organization*

The technical difficulties involved in the mechanical production of wealth compelled even the individualists to work together. The requirements of industrial organization drove them in the same direction.

The first great problem before the early Americans was the conquest of nature. To this problem the machine was the answer. The second problem was the building of an organization capable of handling the new mechanism of production—an organization large enough, elastic enough,

stable enough and durable enough—to this problem the corporation was the answer.

The machine produced the goods. The corporation directed the production, marketed the products and financed both operations.

The corporation, as a means of organizing and directing business enterprise is a product of the last hundred years. A century ago the business of the United States was carried on by individuals, partnerships, and a few joint stock companies. At the time of the last Census, more than four-fifths of the manufactured products were turned out under corporate direction; most of the important mining enterprises were corporate, and the railroads, public utilities, banks and insurance companies were virtually all under the corporate form of organization. Thus the passage of a century has witnessed a complete revolution in the form of organizing and directing business enterprise.

The corporation, as a form of business organization is immensely superior to individual management and to the partnership.

1. The corporation has perpetual life. In the eyes of the law, it is a person that lives for the term of its charter. Individuals die; partnerships are dissolved; but the corporation with its unbroken existence, possesses a continuity and a permanence that are impossible of attainment under the earlier forms of business organization.

2. Liability, under the corporation, is limited by the amount of the investment. The liability of an individual or a partner engaged in business was as great as his ability to pay. The investor in a corporation cannot lose a sum larger than that represented by his investment.

3. The corporation, through the issuing of stocks and bonds, makes it possible to subdivide the total amount invested in one enterprise into many small units.[1] These

[1] The 169 largest railroads in the United States have issued 84,418,796 shares of stock. ("American Labor Year Book," 1917-18, p. 169.) Theoretically, therefore, there might be eighty-four millions of owners of the American railroads.

chances for small investment mean that a large number of persons may join in subscribing the capital for a business enterprise. They also mean that one well-to-do person may invest his wealth in a score or a hundred enterprises, thus reducing the risk of heavy losses to a minimum.

4. The corporation is not, as were the earlier forms of organization, necessarily a "one man" concern. Many corporations have upon their boards of directors the leading business men, merchants, bankers and financiers. In this way, the investing public has the assurance that the enterprise will be conducted along business lines, while the business men on the board have an opportunity to get in on the "ground floor."

The corporation has a permanence, a stability, and a breadth of financial support that are quite impossible in the case of the private venture or of the partnership. It does for business organization what the machine did for production.

The corporation came into favor at a time when business was expanding rapidly. Surplus was growing. Wealth and capital were accumulating. Industrial units were increasing in size. It was necessary to find some means by which the surplus wealth in the hands of many individuals could be brought together, large sums of capital concentrated under one unified control, the investments, thus secured, safeguarded against untoward losses, and the business conservatively and efficiently directed. The corporation was the answer to these needs.

"United we stand" proved to be as true of organizers and investors as it was of producers. The corporation was the common denominator of people with various industrial and finanical interests.

The corporation played another rôle of vital consequence. It enabled the banker to dominate the business world. Heretofore, the banker had dealt largely with exchange. The industrial leader was his equal if not his superior. The

organization of the corporation put the supreme power in the hands of the banker, who as the intermediary between investor and producer, held the purse strings.

4. *Capitalist against Capitalist*

The early American enterprisers—the pioneers—began a single-handed struggle with nature. Necessity forced them to coöperate. They established a new industry. The factory brought them together. They organized their system of industrial direction and control. The corporation united them. They turned on one another in mortal combat, and the frightfulness of their losses forced them to join hands.

The business men of the late nineteenth century had been nurtured upon the idea of competition. "Every man for himself and the devil take the hindermost" summed up their philosophy. Each person who entered the business arena was met by an array of savage competitors whose motto was "Victory or Death." In the struggle that followed, most of them suffered death.

Capitalist set himself up against capitalist in bitter strife. The railroads gouged the farmers, the manufacturers and the merchants and fought one another. The big business organizations drove the little man to the wall and then attacked their larger rivals. It was a fight to the finish with no quarter asked or given.

The "finish" came with periodic regularity in the seventies, the eighties and the nineties. The number of commercial failures in 1875 was double the number of 1872. The number of failures in 1878 was over three times that of 1871. The same thing happened in the eighties. The liabilities of concerns failing in 1884 were nearly four times the liabilities of those failing in 1880. The climax came in the nineties, after a period of comparative prosperity. Hard times began in 1893. Demand dropped off. Production decreased. Unemployment was widespread. Wages

fell. Prices went down, down, under bitter competitive selling, to touch rock bottom in 1896. Business concerns continued to fight one another, though both were going to the wall. Weakened by the struggle, unable to meet the competitive price cutting that was all but the universal business practice of the time, thousands of business houses closed their doors. The effect was cumulative; the fabric of credit, broken at one point, was weakened correspondingly in other places and the guilty and the innocent were alike plunged into the morass of bankruptcy.

The destruction wrought in the business world by the panic of 1893 was enormous. The number of commercial failures for 1893 jumped to 15,242. The amount of liabilities involved in these failures was $346,780,000. This catastrophe, coming as it did so close upon the heels of the panics that had immediately preceded it, could not fail to teach its lesson. Competition was not the life, but the death of trade. "Every man for himself" as a policy applied in the business world, led most of those engaged in the struggle over the brink to destruction. There was but one way out—through united action.

The period between 1897 and 1902 was one of feverish activity directed to coördinating the affairs of the business world. Trusts were formed in all of the important branches of industry and trade. The public looked upon the trust as a means of picking pockets through trade conspiracies and the boosting of prices. The Sherman Anti-Trust Law had been passed on that assumption. In reality, the trusts were organized by far seeing men who realized that competition was wasteful in practice and unsound in theory. The idea that the failure of one bank or shoe factory was of advantage to other banks and shoe factories, had not stood the test of experience. The tragedies of the nineties had showed conclusively that an injury to one part of the commercial fabric was an injury to all of its parts.

The generation of business men trained since 1900 has had no illusions about competition. Rather, it has had as its object the successful combination of various forms of

business enterprise into ever larger units. First, there was the uniting of like industries;—cotton mills were linked with cotton mills, mines with mines. Then came the integration of industry—the concentration under one control of all of the steps in the industrial process from the raw material to the finished product,—iron mines, coal mines, blast furnaces, converters, and rail mills united in one organization to take the raw material from the ground and to turn out the finished steel product. Last of all there was the union of unlike industries,—the control, by one group of interests, of as many and as varied activities as could be brought together and operated at a profit. The lengths to which business men have gone in combining various industries is well shown by the recent investigation of the meat packing industry. In the course of that investigation, the Federal Trade Commission was able to show that the five great packers (Wilson, Armour, Swift, Morris and Cudahy) were directly affiliated with 108 business enterprises, including 12 rendering companies; 18 stockyard companies; 8 terminal railway companies; 9 manufacturers of packers' machinery and supplies; 6 cattle loan companies; 4 public service corporations; 18 banks, and a number of miscellaneous companies, and that they controlled 2000 food products not immediately related to the packing industry.[2]

Business is consolidated because consolidation pays—not primarily, through the increase of prices, but through the greater stability, the lessened costs, and the growing security that has accompanied the abolition of competition.

Again the forces of social organization have triumphed in the face of an almost universal opposition. American business men practiced competition until they found that coöperation was the only possible means of conducting large affairs. Theory advised, "Compete"! Experience warned, "Combine"! Business men—like all other practical people—accepted the dictates of experience as the

[2] Summary of the Report of the Federal Trade Commission on the Meat Packing Industry, July 3, 1918, Wash., Govt. Print., 1918.

only sound basis for procedure. Their combination solidified their ranks, preparing them to take their places in a closely knit, dominant class, with clearly marked interests, and a strong feeling of class consciousness and solidarity.

It was in the consummation of these combinations, integrations and consolidations that the investment banker came into his own as the keystone in the modern industrial arch.

5. *The Investment Banker*

The investment banker is the directing and coördinating force in the modern business world. The necessities of factory production demanding great outlays of capital; the immense financial requirements of corporations; the consolidation of business ventures on a huge scale; the broadened use of corporate securities as investments—all brought the investment banker into the foreground.

Before the Spanish War, the investment banker financed the trusts. After the war he was entrusted with the vast surpluses which the concentration of business control had placed in a few hands. Business consolidation had given the banker position. The control of the surplus brought him power. Henceforth, all who wished access to the world of great industrial and commercial affairs must knock at his door.

This concentration of economic control in the hands of a relatively small number of investment bankers has been referred to frequently as the "Money Trust."

Investment banking monopoly, or as it is sometimes called, the "Money Trust" was examined in detail by the Pujo Committee of the House of Representatives, which presented a summary of its report on February 28, 1913. The committee placed, at the center of its diagram of financial power, J. P. Morgan & Co., the National City Bank, the First National Bank, the Guaranty Trust Co., and the Bankers Trust Co., all of New York. The report refers to Lee, Higginson & Co., of Boston and New York;

to Kidder, Peabody & Co., of Boston and New York, and to Kuhn, Loeb & Co., of New York, together with the Morgan affiliations, as being "the most active agents in forwarding and bringing about the concentration of control of money and credit" (p. 56).

The methods by which this control was effected are classed by the Committee under five heads:—

1. "Through consolidations of competitive or potentially competitive banks and trust companies which consolidations in turn have recently been brought under sympathetic management" (p. 56).

2. Through the purchase by the same interests of the stock of competitive institutions.

3. Through interlocking directorates.

4. "Through the influence which the more powerful banking houses, banks, and trust companies have secured in the management of insurance companies, railroads, producing and trading corporations and public utility corporations, by means of stock holdings, voting trusts, fiscal agency contracts, or representation upon their boards of directors, or through supplying the money requirements of railway, industrial, and public utility corporations and thereby being enabled to participate in the determination of their financial and business policies" (p. 56).

5. "Through partnership or joint account arrangements between a few of the leading banking houses, banks, and trust companies in the purchase of security issues of the great interstate corporations, accompanied by understandings of recent growth—sometimes called 'banking ethics'—which have had the effect of effectually destroying competition between such banking houses, banks, and trust companies in the struggle for business or in the purchase and sale of large issues of such securities" (p. 56).

Morgan & Co., the First National Bank, the National City Bank, the Bankers Trust Co., and the Guaranty Trust

Co., which were all closely affiliated, had extended their control until they held,—

118 directorships in 34 banks with combined resources of $2,679,000,000.

30 directorships in 10 insurance companies with total assets of $2,293,000,000.

105 directorships in 32 transportation systems having a total capital of $11,784,000,000.

63 directorships in 24 producing and trading companies having a total capitalization of $3,339,000,000.

25 directorships in 12 public utility corporations with a total capitalization of $2,150,000,000.

The investment banker had become, what he was ultimately bound to be, the center of the system built upon the century-long struggle to control the wealth of the continent in the interest of the favored few who happened to own the choicest natural gifts.

6. *The Cohesion of Wealth*

The struggle for wealth and power, actively waged among the business men of the United States for more than a century, has thus by a process of elimination, subordination and survival, placed a few small groups of strong men in a position of immense economic power. The growth of surplus and its importance in the world of affairs has made the investment banker the logical center of this business leadership. He, with his immediate associates, directs and controls the affairs of the economic world.

The spirit of competition ruled the American business world at the beginning of the last century, the forces of combination dominated at its close. The new order was the product of necessity, not of choice. The life of the frontier had ingrained in men an individualism that chafed

under the restraints of combination. It was the compelling forces of impending calamity and the opportunity for greater economic advantage—not the traditions or accepted standards of the business world—that led to the establishment of the centralized wealth power. American business interests were driven together by the battering of economic loss and lured by the hope of greater economic gains.

Years of struggle and experience, by converting a scattered, individualistic wealth owning class into a highly organized, closely knit, homogeneous group with its common interests in the development of industry and the safeguarding of property rights, have brought unity and power to the business world.

Individually the members of the wealth-controlling class have learned that "in union there is strength"; collectively they are gripped by the "cohesion of wealth"—the class conscious instinct of an associated group of human beings who have much to gain and everything to lose.

VIII. THEIR UNITED STATES

1. *Translating Wealth into Power*

THE first object of the economic struggle is wealth. The second is power.

At the end of their era of competition, the leaders of American business found themselves masters of such vast stores of wealth that they were released from the paralyzing fear of starvation, and were guaranteed the comforts and luxuries of life. Had these men sought wealth as a means of satisfying their physical needs their object would have been attained.

The gratification of personal wants is only a minor element in the lives of the rich. After they have secured the things desired, they strive for the power that will give them control over their fellows.

The possession of things, is, in itself, a narrow field. The control over productive machinery gives him who exercises it the power to enjoy those things which the workers with machinery produce. The control over public affairs and over the forces that shape public opinion give him who exercises it the power to direct the thoughts and lives of the people. It is for these reasons that the keen, self-assertive, ambitious men who have come to the top in the rough and tumble of the business struggle have steadily extended their ownership and their control.

2. *The Wealth of the United States*

The bulk of American wealth, which consists for the most part of land and buildings, is concentrated in the centers of commerce and industry—in the regions of supreme business power.

The last detailed estimate of the wealth of the United States was made by the Census Bureau for the year 1912. At that time, the total wealth of the country was placed at $187,739,000,000. (The estimate for 1920 is $500,000,000,000.) Roughly speaking, this represented an estimate of exchangeable values. The figures, at best, are rough approximations. Their importance lies, not in their accuracy, but in the picture which they give of relationships.

The Total Wealth of the United States, Classified by Groups, with the Percentage of the Total Wealth in Each Group [1]

Wealth Groups	*Total Estimated Wealth* — *Amount* (000,000 *Omitted*)	*Per Cent of Total*
1. Real Property (land and buildings)	$110,676	59
2. Public Utilities (railroads, street railways, telegraph, telephone, electric light, etc.)	26,415	14
3. Live Stock and Machinery (live stock, farm implements and manufacturing machinery)	13,697	7
4. Raw Materials, Manufactured Products, Merchandise (including gold and silver bullion)	24,193	13
5. Personal Possessions (clothing, personal adornments, furniture, carriages, etc.)	12,758	7
Total of all groups	$187,739	100

[1] "Estimated Valuation of National Wealth, 1850-1912," Bureau of the Census, 1915, p. 15.

The bulk of the exchangeable wealth of the United States consists of "productive" or "investment" property. If, to the total of 110 billions given by the Census as the value of real property, are added the real property values of the public utilities, the total will probably exceed three quarters of the total wealth of the United States. If, in addition, account is taken of the fact that much of the wealth classed as "raw materials, etc.," is the immediate product of the land (coal, ore, timber), some idea may be obtained of the extent to which the estimated wealth of the country is in the form of land, its immediate products, and buildings. Furthermore, it must be remembered that great quantities of ore lands, timber lands, waterpower sites, etc., are assessed at only a fraction of their total present value.

The personal property of the country is valued at less than one fourteenth of the total wealth. It is in reality a negligible item, as compared with the value of the real property, of the public utilities, and of the raw materials and products of industry.

The wealth of the United States is in permanent form—land and improvements; personal possessions are a mere incident in the total. In truth, American wealth is in the main productive (business) wealth, designed for the further production of goods, rather than for the satisfaction of human wants.

3. *Ownership and Control*

Who owns this vast wealth? It is impossible to answer the question with anything like definiteness. Figures have been compiled to show that five per cent of the people own two-thirds to three-quarters of it; that the poorest two-thirds of the people own five per cent of it, and that the well-to-do or middle class own the remainder. These figures would make it appear that more than one-fourth of the population is in the middle class. If the income-tax returns are to be trusted this proportion is far too

high. On all hands it is admitted that the wealth of the country is concentrated in the hands of a small fraction of the people and the important wealth—that is, the wealth upon which production, transportation and exchange depends—is in still fewer hands.

Neither the total wealth of the country, nor that portion of the total which is owned directly by the propertied class is of most immediate moment. Ownership does not necessarily involve control. A puddler in the Gary Mills may own five shares of stock in the Steel Corporation without ever raising his voice to determine the corporation policy. This is ownership without control. On the other hand, a banking house through a voting trust agreement, may control the policy of a corporation in which it does not own one per cent of the stock. This is control without ownership. Ownership may be quite incidental. It is control that counts in terms of power.

Most of the property owners in the United States play no part in the control of prices or of production, in the direction of economic policy, or in the management of economic affairs.

Theoretically, stockholders direct the policies of corporations, and, therefore, each holder of 5 or 10 shares of corporate stock would play a part in deciding economic affairs. Practically, the small stockholder has no part in business control.

The small farmer—the small business man of largest numerical consequence—has been exploited by the great interests for two generations. Despite his numbers and his organizations, despite his frequent efforts, through anti-trust laws, railway control laws, banking reform laws. and the like, he has little voice in determining important economic policies.

The small savings bank depositor or the holder of an ordinary insurance policy is a negative rather than a positive factor in economic control. Not only does he exercise no power over the dollar which he has placed with the

bank or with the insurance company, but he has thereby strengthened the hands of these organizations. Each dollar placed with the financier is a dollar's more power for him and his.

Suppose—the impossible—that half of the families in the United States "own property." Subtract from this number the small stockholders; the holders of bonds, notes and mortgages; the small tradesman; the small farmer; the home owner and the owner of a savings-bank deposit or of an insurance policy—what remains? There are the large stockholders, the owners and directors of important industries, public utilities, banks, trust companies and insurance companies. These persons, in the aggregate, constitute a fraction of one per cent of the adult population of the United States.

Start with the total non-personal wealth of the country, subtract from it the share-values of the small stockholders; the values of all bonds, mortgages and notes; the property of the small tradesman and the small farmer; the value of homes—what remains? There are left the stocks in the hands of the big stockholders; the properties owned and directed by the owners and directors of important industries, public utilities, banks, trust companies and insurance companies. This wealth in the aggregate probably makes up less than 10 per cent of the total wealth of the country and yet the tiny fraction of the population which owns this wealth can exercise a dictatorial control over the economic policies that underlie American public life.

4. *The Avenues of Mastery*

While control rests back directly or indirectly upon some form of ownership, most owners exercise little or no control over economic affairs. Instead they are made the victims of a social system under which one group lives at the expense of another.

Against this tendency toward control by one group or class (usually a minority) over the lives of another group

or class (usually a majority) the human spirit always has revolted. The United States in its earlier years was an embodiment of the spirit of that revolt. President Wilson characterized it excellently in 1916. Speaking of the American Flag, he said,—"That flag was originally stained in very precious blood, blood spilt, not for any dynasty, nor for any small controversies over national advantage, but in order that a little body of three million men in America might make sure that no man was their master." [2]

Against mastery lovers of liberty protest. Mastery means tyranny; mastery means slavery.

Mastery has always been based upon some form of ownership. There is in the United States a group, growing in size, of people who take more in keep than they give in service; people who own land; franchises; stocks and bonds and mortgages; real estate and other forms of investment property; people who are living without ever lifting a finger in toil, or giving anything in labor for an unceasing stream of necessaries, comforts and luxuries. These people, directly or indirectly, are the owners of the productive machinery of the United States.

Historically there have been a number of stages in the development of mastery. First, there was the ownership of the body. One man owned another man, as he might own a house or a pile of hides. At another stage, the owner of the land—the feudal baron or the landlord—said to the tenant, who worked on his land: "You stay on my land. You toil and work and make bread and I will eat it." The present system of mastery is based on the ownership by one group of people, of the productive wealth upon which depends the livelihood of all. The masters of present day economic society have in their possession the natural resources, the tools, the franchises, patents, and the other phases of the modern industrial system with which the people must work in order to live. The few who own and control the productive wealth have it in their power

[2] "Addresses of President Wilson," House Doc. 803. Sixty-fourth Congress, 1st Session (1916), p. 13.

to say to the many who neither own nor control,—"You may work or you may not work." If the masses obtain work under these conditions the owners can say to them further,—"You work, and toil and earn bread and we will eat it." Thus the few, deriving their power from the means by which their fellows must work for a living, own the jobs.

5. *The Mastery of Job-Ownership*

Job-ownership is the foundation of the latest and probably the most complete system of mastery ever perfected. The slave was held only in physical bondage. Behind serfdom there was land ownership and a religious sanction. "Divine right" and "God's anointed," were terms used to bulwark the position of the owning class, who made an effort to dominate the consciences as well as the bodies of their serfs. Job-ownership owes its effectiveness to a subtle, psychological power that overwhelms the unconscious victim, making him a tool, at once easy to handle and easy to discard.

The system of private ownership that succeeded Feudalism taught the lesson of economic ambition so thoroughly that it has permeated the whole world. The conditions of eighteenth century life have passed, perhaps forever, but its psychology lingers everywhere.

The job-holder has been taught that he must "get ahead" in the world; that if he practices the economic virtues,—thrift, honesty, earnestness, persistence, efficiency—he will necessarily receive great economic reward; that he must support his family on the standard set by the community, and that to do all of these essential things, he must take a job and hold on to it. Having taken the job, he finds that in order to hold it, he must be faithful to the job-owner, even if that involves faithlessness to his own ideas and ideals, to his health, his manhood, and the lives of his wife and children.

The driving power in slavery was the lash. Under serfdom it was the fear of hunger. The modern system of job-ownership owes its effectiveness to the fact that it has been built upon two of the most potent driving forces in all the world—hunger and ambition—the driving force that comes from the empty stomach and the driving force that comes from the desire for betterment. Thus job-owning, based upon an automatic self-drive principle, enables the job-owner to exact a return in faithful service that neither slavery nor serfdom ever made possible. Job-owning is thus the most thorough-going form of mastery yet devised by the ingenuity of man.

Unlike the slave owner and the Feudal lord the modern job-owner has no responsibility to the job-holder. The slave owner must feed, clothe and house his slave—otherwise he lost his property. The Feudal lord must protect and assist his tenant. That was a part of his bargain with his overlord. The modern job-owner is at liberty, at any time, to "discharge" the job-holder, and by throwing him out of work take away his chance of earning a living. While he keeps the job-holder on his payroll, he may pay him impossibly low wages and overwork him under conditions that are unfit for the maintenance of decent human life. Barring the factory laws and the health laws, he is at liberty to impose on the job-holder any form of treatment that the job-holder will tolerate.

There is no limit to the amount of industrial property that one man may own. Therefore, there is no limit to the number of jobs he may control. It is possible (not immediately likely) that one coterie of men might secure possession of enough industrial property to control the jobs of all of the gainfully occupied people in American industry. If this result could be achieved, these tens of millions would be able to earn a living only in case the small coterie in control permitted them to do so.

Job ownership is built, of necessity, on the ownership of land, resources, capital, credit, franchises, and other special privileges. But its power of control goes far be-

yond this mere physical ownership into the realms of social psychology.

The early colonists, who fled from the economic, political, social and religious tyranny of feudalism, believed that liberty and freedom from unjust mastery lay in the private ownership of the job. They had no thought of the modern industrial machine.

The abolitionists who fought slavery believed that freedom and liberty could be obtained by unshackling the body. They did not foresee the shackled mind.

The modern world, seeking freedom; yearning for liberty and justice; aiming at the overthrow of the mastery that goes with irresponsible power, finds to its dismay that the ownership of the job carries with it, not only economic mastery, but political, social and even religious mastery, as well.

6. *The Ownership of the Product*

The industrial overlord holds control of the job with one hand. With the other he controls the product of industry. From the time the raw material leaves the earth in the form of iron ore, crude petroleum, logs, or coal, through all of the processes of production, it is owned by the industrial master, not by the worker. Workers separate the product from the earth, transport it, refine it, fabricate it. Always, the product, like the machinery, is the possession of the owning class.

While industry was competitive, the pressure of competition kept prices at a cost level, and the exploiting power of the owner was confined to the job-holder. To-day, through combinations and consolidations, industry has ceased to be competitive, and the exploiting power of the job-owner is extended through his ownership of the product.

The modern town-dweller is almost wholly in the hands of the private owners of the products upon which he depends. The ordinary city dweller spends two-fifths of

his income for food; one-fifth for rent, fuel and light, and one-fifth for clothes. Food, houses, fuel (with the exception of gas supply in some cities), and clothing are privately owned. The public ownership of streets and water works, of some gas, electricity, street cars, and public markets, is a negligible factor in the problem. The private monopolist has the upper hand and he is able through the control of transportation, storage, and merchandising facilities, to make handsome profits for the "service" which he renders the consumer.

7. *The Control of the Surplus*

The wealth owners are doubly entrenched. They own the jobs upon which most families depend for a living. They own the necessaries of life which most families must purchase in order to live. Further, they control the surplus wealth of the community.

There are three principal channels of surplus. First of all there is the surplus laid aside by business concerns, reinvested in the business, spent for new equipment and disposed of in other ways that add to the value of the property. Second, there are the 19,103 people in the United States with incomes of $50,000 or more per year; the 30,391 people with incomes of $25,000 to $50,000 per year and the 12,502 people with incomes of $10,000 to $25,000 per year. (Figures for 1917.) Many, if not most of these rich people, carry heavy insurance, invest in securities, or in some other way add to surplus. In the third place there are the small investors, savings-bank depositors, insurance policy holders who, from their income, have saved something and have laid it aside for the rainy day. The masters of economic life—bankers, insurance men, property holders, business directors—are in control of all three forms of surplus.

The billions of surplus wealth that come each year under the control of the masters carry with them an immense authority over the affairs of the community. The owners

of wealth owe much of their immediate power to the fact that they control this surplus, and are in a position to direct its flow into such channels as they may select.

8. *The Channels of Public Opinion*

No one can question the control which business interests exercise over the jobs, the industrial product, and the economic surplus of the community. These facts are universally admitted. But the corollaries which flow naturally from such axioms are not so readily accepted. Yet given the economic power of the business world, the control over the channels of public opinion and over the machinery of government follows as a matter of course.

The channels of public opinion—the school, the press, the pulpit,—are not directly productive of tangible economic goods, yet they depend upon tangible economic goods for their maintenance. Whence should these goods come? Whence but from the system that produces them, through the men who control that system! The plutocracy exercises its power over the channels of public opinion in two ways,—the first, by a direct or business office control; and second, by an indirect or social prestige control.

The business office control is direct and simple. Schools, colleges, newspapers, magazines and churches need money. They cannot produce tangible wealth directly, and they must, therefore, depend upon the surplus which arises from the productive activities of the economic world. Who controls that surplus? Business men. Who, then, is in a position to dictate terms in financial matters? Who but the dominant forces in business life?

The facts are incontrovertible. It is not mere chance that recruits the overwhelming majority of school-board members, college trustees, newspaper managers, and church vestrymen, from the ranks of successful business and professional men. It is necessary for the educator, the journalist, and the minister to work through these men in

order to secure the "sinews of war." They are at the focal points of power because they control the sources of surplus wealth.

The second method of maintaining control—through the control of social prestige—is indirect, but none the less effective. The young man in college; the young graduate looking for a job; the young man rising in his profession, and the man gaining ascendancy in his chosen career are brought into constant contact with the "influential" members of the business world. It is the business world that dominates the clubs and the vacation spots; it is the business world that is met in church, at the dinner tables and at the social gathering.

The man who would "succeed" must retain the favor of this group. He does so automatically, instinctively or semi-consciously—it is the common, accepted practice and he falls in line.

The masters need not bribe. They need not resort to illegal or unethical methods. The ordinary channels of advertising, of business acquaintance and patronage, of philanthropy and of social intercourse clinch their power over the channels of public opinion.

9. *The Control of Political Machinery*

The American government,—city, state and nation—is in almost the same position as the schools, newspapers and churches. It does not turn out tangible, economic products. It depends, for its support, upon taxes which are levied, in the first instance, upon property. Who are the owners of this property? The business interests. Who, therefore, pay the bills of the government? The business interests.

Nowhere has the issue been stated more clearly or more emphatically than by Woodrow Wilson in certain passages of his "New Freedom." As a student of politics and

government—particularly the American Government—he sees the power which those who control economic life are able to exercise over public affairs, and realizes that their influence has grown, until it overtops that of the political world so completely that the machinery of politics is under the domination of the organizers and directors of industry.

"We know," writes Mr. Wilson in "The New Freedom," "that something intervenes between the people of the United States and the control of their own affairs at Washington. It is not the people who have been ruling there of late" (p. 28). "The masters of the government of the United States are the combined capitalists and manufacturers of the United States. . . . Suppose you go to Washington and try to get at your government. You will always find that while you are politely listened to, the men really consulted are the men who have the biggest stakes—the big bankers, the big manufacturers, the big masters of commerce, the heads of railroad corporations and of steamship corporations. . . . Every time it has come to a critical question, these gentlemen have been yielded to and their demands have been treated as the demands that should be followed as a matter of course. The government of the United States at present is a foster-child of the special interests" (p. 57-58). "The organization of business has become more centralized, vastly more centralized, than the political organization of the country itself" (p.187). "An invisible empire has been set up above the forms of democracy" (p. 35). "We are all caught in a great economic system which is heartless" (p. 10).

This is the direct control exercised by the plutocracy over the machinery of government. Its indirect control is no less important, and is exercised in exactly the same way as in the case of the channels of public opinion.

Lawyers receive preferment and fees from business—there is no other large source of support for lawyers. Judges are chosen from among these same lawyers. Usually they are lawyers who have won preferment and emolu-

ment. Legislators are lawyers and business men, or the representatives of lawyers and business men. The result is as logical as it is inevitable.

The wealth owners control the machinery of government because they pay the taxes and provide the campaign funds. They control public officials because they have been, are, or hope to be, on the payrolls, or participants in the profits of industrial enterprises.

10. *It is "Their United States"*

The man fighting for bread has little time to "turn his eyes up to the eternal stars. "The western cult of efficiency makes no allowances for philosophic propensities. Its object is product and it is satisfied with nothing short of that sordid goal.

The members of the wealth owning class are relieved from the food struggle. Their ownership of the social machinery guarantees them a secure income from which they need make no appeal. These privileges provide for them and theirs the leisure and the culture that are the only possible excuse for the existence of civilization.

The propertied class, because it owns the jobs, the industrial products, the social surplus, the channels of public opinion and the political machinery also enjoys the opportunity that goes with adequately assured income, leisure and culture.

The members of the dominant economic class hold a key —property ownership—which opens the structure of social wealth. Those who have access to this key are the blessed ones. Theirs are the things of this world.

The property owners enjoy the fleshpots. They hold the vantage points. The vital forces are in their hands. Economically, politically, socially, they are supreme.

If the control of material things can make a group secure, the wealth owners in the United States are secure. They hold property, prestige, power.

The phrase "our United States" as used by the great

majority of the people is a misnomer. With the exception of a theoretically valuable but practically unimportant right called "freedom of contract," the majority of the wage earners in the United States have no more excuse for using the phrase "our United States" than the slaves in the South, before the war, for saying "our Southland."

The franchise is a potential power, making it theoretically possible for the electorate to take possession of the country. In practice, the franchise has had no such result. Quite the contrary, the masters of American life by a policy of chicanery and misrepresentation, advertise and support first one and then the other of the "Old Parties," both of which are led by the members of the propertied class or by their retainers. The people, deluded by the press, and ignorant of their real interests, go to the polls year after year and vote for representatives that represent, in all of their interests, the special privileged classes.

The economic and social reorganization of the United States during the past fifty years has gone fast and far. The system of perpetual (fee simple) private ownership of the resources has concentrated the control over the natural resources in a small group, not of individuals, but of corporations; has created a new form of social master, in the form of a land-tool-job owner; has thus made possible a type of absentee-landlordism more effective and less human than were any of its predecessors and has decreased the responsibility at the same time that it has augmented the power of the owning group. These changes have been an integral part of a general economic transformation that has occupied the chief energies of the ablest men of the community for the past two generations.

The country of many farms, villages and towns, and of a few cities, with opportunity free and easy of access, has become a country of highly organized concentrated wealth power, owned by a small fraction of the people and controlled by a tiny minority of the owners for their benefit and profit. The country which was rightfully called "our United States" in 1840, by 1920 was "their United States" in every important sense of the word.

IX. THE DIVINE RIGHT OF PROPERTY

1. *Land Ownership and Liberty*

The owners of American wealth have been molded gradually into a ruling class. Years of brutal, competitive, economic struggle solidified their ranks,—distinguishing friend from enemy; clarifying economic laws, and demonstrating the importance of coördination in economic affairs. Economic control, once firmly established, opened before the wealth owning class an opportunity to dominate the entire field of public life.

Before the property owners could feel secure in their possessions, steps must be taken to transmute the popular ideas regarding "property rights" into a public opinion that would permit the concentration of important property in the hands of a small owning class, at the same time that it held to the conviction that society, without privately owned land and machinery, was unthinkable.

Many of the leading spirits among the colonists had come to America in the hope of realizing the ideal of "Every man a farm, and every farm a man." Upon this principle they believed that it would be possible to set up the free government which so many were seeking in those dark days of the divine right of kings.

For many years after the organization of the Federal Government men spoke of the public domain as if it were to last indefinitely. As late as 1832 Henry Clay, in a discussion of the public lands, could say, "We should rejoice that this bountiful resource possessed by our country, remains in almost undiminished quantity." Later in the same speech he referred to the public lands as being "liberally offered,—in exhaustless quantities, and at mod-

erate prices, enriching individuals and tending to the rapid improvement of the country."[1]

The land rose in price as settlers came in greater numbers. Land booms developed. Speculation was rife. Efforts were made to secure additional concessions from the Government. It was in this debate, where the public land was referred to as "refuse land" that Henry Clay felt called upon to remind his fellow-legislators of the significance and growing value of the public land. He said, "A friend of mine in this city bought in Illinois last fall about two thousand acres of this refuse land at the minimum price, for which he has lately refused six dollars per acre. . . . It is a business, a very profitable business, at which fortunes are made in the new states, to purchase these refuse lands and without improving them to sell them at large advances."[2]

A century ago, while it was still almost a wilderness, Illinois began to feel the pressure of limited resources—a pressure which has increased to such a point that it has completely revolutionized the system of society that was known to the men who established the Government of the United States.

This early record of a mid-western land boom, with Illinois land at six dollars an acre, tells the story of everything that was to follow. Even in 1832 there was not enough of the good land to go around. Already the community was dividing itself into two classes—those who could get good land and those who could not. A wise man, understanding the part played by economic forces in determining the fate of a people, might have said to Henry Clay on that June day in 1832, "Friend, you have pronounced the obituary of American liberty."

Some wise man might have spoken thus, but how strange the utterance would have sounded! There was so much

[1] Speech in the Senate, June 20, 1832. Works Colvin Colton, ed. New York, Putnam's, 1904, vol. 7, p. 503.

[2] Ibid., p. 503.

land, and all history seemed to guarantee the beneficial results that are derived from individual land ownership. The democracies of Greece and Rome were built upon such a foundation. The yeomanry of England had proved her pride and stay. In Europe the free workers in the towns had been the guardians of the rights of the people. Throughout historic times, liberty has taken root where there is an economic foundation for the freedom which each man feels he has a right to demand.

2. *Security of "Acquisitions"*

Feudal Europe depended for its living upon agriculture. The Feudal System had concentrated the ownership of practically all of the valuable agricultural land in the hands of the small group of persons which ruled because it controlled economic opportunity. The power of this class rested on its ownership of the resource upon which the majority of the people depended for a livelihood.

The Feudal System was transplanted to England, but it never took deep root there. When in 1215 A. D. (only a century and a half after the Great William had made his effort to feudalize England) King John signed the Magna Carta, Feudalism proper gave way to landlordism—the basis of English economic life from that time to this.

The system of English landlordism (which showed itself at its worst in the absentee landlordism of Ireland) differed from Feudalism in this essential respect,—Feudalism was based upon the idea of the divine right of kings. English landlordism was based on the idea of divine right of property. English landlordism is the immediate ancestor of the property concept that is universally accepted in the business world of to-day.

The evils of Feudalism and of landlordism were well known to the American colonists who were under the impression that they arose not from the fact of ownership, but from the concentration of ownership. The resources

of the new world seemed limitless, and the possibility that landlordism might show its ugly head on this side of the Atlantic was too remote for serious consideration.

With the independence of the United States assured after the War of 1812; with the growth of industry, and the coming of tens of thousands of new settlers, the future of democracy seemed bright. Daniel Webster characterized the outlook in 1821 by saying, "A country of such vast extent, with such varieties of soil and climate, with so much public spirit and private enterprise, with a population increasing so much beyond former examples, . . . so free in its institutions, so mild in its laws, so secure in the title it confers on every man to his own acquisitions,—needs nothing but time and peace to carry it forward to almost any point of advancement." [3]

"So free in its institutions, so mild in its laws, so secure in the title it confers on every man to his own acquisitions,"—the words were prophetic. At the moment when they were uttered the forces were busy that were destined to realize Webster's dream, on an imperial scale, at the expense of the freedom which he prized. Men were free to get what they could, and once having secured it, they were safeguarded in its possession. Property ownership was a virtue universally commended. Constitutions were drawn and laws were framed to guarantee to property owners the rights to their property, even in cases where this property consisted of the bodies of their fellow men.

The movement toward the protection of property rights has been progressive. Webster as a representative of the dominant interests of the country a hundred years ago rejoiced that every man had a secure title to "his own acquisitions," at a time when the property of the country was generally owned by those who had expended some personal effort in acquiring it. It was a long step from these personal acquisitions to the tens of billions of wealth

[3] "Speeches," E. P. Whipple, ed. Little, Brown & Co., 1910, pp. 59-60.

in the hands of twentieth century American corporations. Daniel Webster helped to bridge the gap. He was responsible, at least in part, for the Dartmouth College Decision (1816) in which the Supreme Court ruled that a charter, granted by a state, is a contract that cannot be modified at will by the state. This decision made the corporation, once created and chartered, a free agent. Then came the Fourteenth Amendment with its provision that "no state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty or property, without due process of law." The amendment was intended to benefit negroes. It has been used to place property ownership first among the American beatitudes.

Corporations are "persons" in the eyes of the law. When the state of California tried to tax the property of the Southern Pacific Railroad at a rate different from that which it imposed on persons, the Supreme Court declared the law unconstitutional. This decision, coupled with that in the Dartmouth College Case secured for a corporation "the same immunities as any other person; and since the charter creating a corporation is a contract, whose obligation cannot be impaired by the one-sided act of a legislature, its constitutional position, as property holder, is much stronger than anywhere in Europe." These decisions "have had the effect of placing the modern industrial corporation in an almost impregnable constitutional position." [4]

Surrounded by constitutional guarantees, armed with legal privileges and prerogatives and employing the language of liberty, the private property interests in the United States have gone forward from victory to victory, extending their power as they increased and concentrated their possessions.

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[4] "The Constitutional Position of Property in America," Arthur T. Hadley, *Independent*, April 16, 1908.

3. *Safeguarding Property Rights*

The efforts of Daniel Webster and his contemporaries to protect "acquisitions" have been seconded, with extraordinary ability, by business organizers, accountants, lawyers and bankers, who have broadened the field of their endeavors until it includes not merely "acquisitions," but all "property rights." Daniel Webster lived before the era of corporations. He thought of "acquisitions" as property secured through the personal efforts of the human being who possessed it. To-day more than half of the total property and probably more than three-quarters of productive wealth is owned by corporations. It required ability and foresight to extend the right of "acquisitions" to the rights of corporate stocks and bonds. The leaders among the property owners possessed the necessary qualifications. They did their work masterfully, and to-day corporate property rights are more securely protected than were the rights of acquisitions a hundred years ago.

The safeguards that have been thrown about property are simple and effective. They arose quite naturally out of the rapidly developing structure of industrialism.

First—There was an immense increase in the amount of property and of surplus in the hands of the wealth-owning class. After the new industry was brought into being with the Industrial Revolution, economic life no longer depended so exclusively upon agricultural land. Coal, iron, copper, cement, and many other resources could now be utilized, making possible a wider field for property rights. Again, the amount of surplus that could be produced by one worker, with the assistance of a machine, was much greater than under the agricultural system.

Second—The new method of conducting economic affairs gave the property owners greater security of possession. Property holders always have been fearful that

some fate might overtake their property, forcing them into the ranks of the non-possessors. When property was in the form of bullion or jewels, the danger of loss was comparatively great. The Feudal aristocracy, with its land-holdings, was more secure. Land-holdings were also more satisfactory. Jewels and plate do not pay any rent, but tenants do. Thus the owner of land had security plus a regular income.

The corporation facilitated possession by providing a means (stocks and bonds) whereby the property owner was under no obligation other than that of clipping coupons or cashing interest checks upon "securities" that are matters of public record; issued by corporations that make detailed financial reports, and that are subject to vigorous public inspection and, in the cases of banks and other financial organizations, to the most stringent regulation.

Third—Greater permanence has been secured for property advantages. Corporations have perpetual, uninterrupted life. The deaths of persons do not affect them. The corporation also overcame the danger of the dissipation of property in the process of "three generations from shirt sleeves to shirt sleeves." The worthless son of the thrifty parent may still be able to squander his inheritance, but that simply means a transfer of the title to his stocks and bonds. The property itself remains intact.

Fourth—Property has secured a claim on income that is, in the last analysis, prior to the claim of the worker.

When a man ran his own business, investing his capital, putting back part of his earnings, and taking from the business only what he needed for his personal expenses, "profits" were a matter of good fortune. There were "good years" and "bad years," when profits were high or low. Many years closed with no profit at all. The average farmer still handles his business in that way.

The incorporation of business, and the issuing of bonds and stocks has revolutionized this situation. It is no longer possible to "wait till things pick up." If the business has

issued a million in bonds, at five per cent, there is an interest charge of $50,000 that must be met each year. There may be no money to lay out for repairs and needed improvements, but if the business is to remain solvent, it must pay the interest on its bonds.

Businesses that are issuing securities to the public face the same situation with regard to their stocks. Wise directors see to it that a regular rate, rather than a high rate of dividends, is paid. Regularity means greater certainty and stability, hence better consideration from the investing public.

Fifth—The practices of the modern economic world have gone far to increase the security of property rights.

Business men have worked ardently to "stabilize" business. They have insisted upon the importance of "business sanity;" of conservatism in finance; of the returns due a man who risks his wealth in a business venture; and of the fundamental necessity of maintaining business on a sound basis. After centuries of experiment they have evolved what they regard as a safe and sane method of financial business procedure. Every successful business man tried to live up to the following well-established formula.

First, he pays out of his total returns, or gross receipts, the ordinary costs of doing business—materials, labor, repairs and the like. These payments are known as running expenses or up-keep.

Second, after up-keep charges are paid he takes the remainder, called gross income, and pays out of it the fixed charges—taxes, insurance, interest and depreciation.

Third, the business man, having paid all of the necessary expenses of doing business (the running expenses and the fixed charges), has left a fund (net income) which, roughly speaking, is the profits of the business. Out of this net income, dividends are paid, improvements and extensions of the plant are provided for.

Fourth, the careful business man increases the stability of his business by adding something to his surplus or undivided profits.

The operating statistics of the United Steel Corporation for 1918 illustrate the principle:

1.	Gross Receipts	$1,744,312,163
	Manufacturing and Operating expenses including ordinary repairs	1,178,032,665
2.	Gross Earnings	$ 566,279,498
	Other income	40,474,823
		$ 606,754,321
	General Expense, (including commission and selling expense, taxes, etc.)	337,077,986
	Interest, depreciation, sinking fund, etc.	144,358,958
3.	Net Income	$ 125,317,377
	Dividends	96,382,027
4.	Surplus for the year	$ 28,935,350
	Total surplus	460,596,154

Like every carefully handled business, the Steel Corporation,—

1. Paid its running expenses,
2. Paid its fixed obligations,
3. Divided up its profits,
4. And kept a nest egg.

The effectiveness of such means of stabilizing property income is illustrated by a compilation (published in the *Wall Street Journal* for August 7th, 1919) of the business of 104 American corporations between December 31, 1914, and December 31, 1918. The inventories—value of property owned—had increased from 1,192 millions to 2,624 millions of dollars; the gain in surplus, during the four years,

was 1,941 millions; the increase in "working capital" was 1,876 millions. These corporations, representing only a small fraction of the total business of the country, had added billions to their property values during the four years.

These various items,—up-keep; depreciation; insurance; taxes; interest; dividends and surplus,—are recognized universally by legislatures and courts as "legitimate" outlays. They, therefore, are elements that are always present in the computation of a "fair" price. The cost to the consumer of coffee, shoes, meat, blankets, coal and transportation are all figured on such a basis. Hence, it will be seen that each time the consumer buys a pair of shoes or a pound of meat, he is paying, with part of his money, for the stabilizing of property.

Fifth. Property titles under this system are rendered immortal. A thousand dollars, invested in 1880 in 5 per cent. 40 year bonds, will pay to the owner $2,000 in interest by 1920, at which time the owner gets his original thousand back again to be re-invested so long as he and his descendants care to do so. The dollar, invested in the business of the steel corporation, by the technical processes of bookkeeping, is constantly renewed. Not only does it pay a return to the owner, but literally, it never dies.

The community is built upon labor. Its processes are continued and its wealth is re-created by labor. The men who work on the railroad keep the road operating; those who own the railroad owe to it no personal fealty, and perform upon it no personal service. If the worker dies, the train must stop until he is replaced; if the owner dies, the clerk records a change of name in the registry books.

The well-ordered society will encourage work. It will aim to develop enthusiasm, to stimulate activity. Nevertheless, in "practical America" a scheme of economic organization is being perfected under which the cream of life goes to the owners. They have the amplest opportunities. They enjoy the first fruits.

4. *Property Rights and Civilization*

Under these circumstances, it is easy to see how "the rights of property" soon comes to mean the same thing as "civilization," and how "the preservation of law and order" is always interpreted as the protection of property. With a community organized on a basis which renders property rights supreme in all essential particulars, it is but natural that the perpetuation of these rights should be regarded as the perpetuation of civilization itself.

The present organization of economic life in the United States permits the wealth owners through their ownership to live without doing any work upon the work done by their fellows. As recipients of property income (rent, interest and dividends) they have a return for which they need perform no service,—a return that allows them to "live on their income."

The man who fails to assist in productive activity gives nothing of himself in return for the food, clothing and shelter which he enjoys,—that is, he lives on the labor of others. Where some have sowed and reaped, hammered and drilled, he has regaled himself on the fruits of their toil, while never toiling himself.

The matter appears most clearly in the case of an heir to an estate. The father dies, leaving his son the title deeds to a piece of city land. If he has no confidence in his son's business ability or if his son is a minor, he may leave the land in trust, and have it administered in his son's interest by some well organized trust company. The father did not make the land, though he did buy it. The son neither made nor bought the land, it merely came to him; and yet each year he receives a rent-payment upon which he is able to live comfortably without doing any work. It must at once be apparent that this son of his father, economically speaking, performs no function in the community, but merely takes from the community an annual toll or rental based on his ownership of a part of the

land upon which his fellowmen depend for a living. Of what will this toll consist? Of bread, shoes, motor-cars, cigars, books and pictures,—the products of the labor of other men.

This son of his father is living on his income,—supported by the labor of other people. He performs no labor himself, and yet he is able to exist comfortably in a world where all of the things which are consumed are the direct or indirect product of the labor of some human being.

Living on one's income is not a new social experience, but it is relatively new in the United States. The practice found a reasonably effective expression in the feudalism of medieval Europe. It has been brought to extraordinary perfection under the industrialism of Twentieth Century America.

Imagine the feelings of the early inhabitants of the American colonies toward those few gentlemen who set themselves up as economically superior beings, and who insisted upon living without any labor, upon the labor performed by their fellows. It was against the suggestion of such a practice that Captain John Smith vociferated his famous "He that will not work, neither shall he eat." The suggestion that some should share in the proceeds of community life without participating in the hardships that were involved in making a living seemed preposterous in those early days.

To-day, living on one's income is accepted in every industrial center of the United States as one of the methods of gaining a livelihood. Some men and women work for a living. Other men and women own for a living.

Workers are in most cases the humble people of the community. They do not live in the finest homes, eat the best food, wear the most elaborate clothing, or read, travel and enjoy the most of life.

The owners as a rule are the well-to-do part of the community. They derive much of all of their income from

investments. The return which they make to the community in services is small when compared with the income which they receive from their property holdings.

Living on one's income is becoming as much a part of American economic life as living by factory labor, or by mining, or by manufacturing, or by any other occupation upon which the community depends for its products. The difference between these occupations and living on one's income is that they are relatively menial, and it is relatively respectable, that is, they have won the disapprobation and it has won the approbation of American public opinion.

The best general picture of the economic situation that permits a few people to live on their incomes, while the masses of the people work for a living, is contained in the reports of the Federal Commissioner of Internal Revenue. The figures for 1917 ("Statistics of Income for 1917" published August 1919) show that 3,472,890 persons filed returns, making one for each six families in the United States. Almost one half of the total number of returns made in 1917 were from persons whose income was between $1000 and $2000. There were 1,832,132 returns showing incomes of $2000 or more, one for each twelve families in the country.

The number of persons receiving the higher incomes is comparatively small. There were 270,666 incomes between $5,000 and $10,000; 30,391 between $10,000 and $25,000; 12,439 between $25,00 and $50,000. There were 432,662 returns (22 for each 1000 families in the United States) showing incomes of $5,000 or over; there were 161,996 returns (8 returns for each 1000 families) showing incomes of $10,000 or over; 49,494 showing incomes of $25,000 and over; 19,103 showing incomes of $50,000 and more. Thus the number of moderate and large incomes, compared with the total population of the country, was minute.

The portion of the report that is of particular interest, in so far as the present study is concerned, is that which presents a division of the total net income of those reporting $2,000 or more, into three classes—income from per-

sonal service, income from business profits and income from the ownership of property.

PERSONAL INCOMES BY SOURCES—1917

Source	*Amount of Income*	*Per Cent of Total Income*
1. Income from personal service; salaries, wages; commission, bonuses, director's fees, etc.	$ 3,648,437,902	30.21
2. Income from business; business, trade, commerce, partnership, farming, and profits from sales of real estate, stocks, bonds, and other property	3,958,670,028	32.77
3. Income from property; rents and royalties	684,343,399	5.67
Interest on bonds, notes, etc.	936,715,456	7.76
Dividends	2,848,842,499	23.59
Total from Property	4,469,901,354	37.02
4. Total income	12,077,009,284	100.00

Those persons who have incomes of $2,000 or more receive 30 cents on the dollar in the form of wages and salaries; 33 cents in the form of business profits, and 37 cents in the form of incomes from the ownership of property. The dividend payments alone—to this group of property owners, are equal to three quarters of the total returns for personal service.

These figures refer, of course, to all those in receipt of $2,000 or more per year. Obviously, the smaller incomes are in the form of wages, salaries, and business profits, while the larger incomes take the form of rent, interest and dividends. This is made apparent by a study of the detailed tables published in connection with the "Income Statistics for 1916."

Among those of small incomes—$5,000 to $10,000—nearly half of the income was derived from personal services. The proportion of the income resulting from personal service diminished steadily as the incomes rose until, in the highest income group—those receiving $2,000,000 or more per year, less than one-half of one per cent. was the result of personal service while more than 99 per cent. of the incomes came from property ownership.

A small portion of the American people are in receipt of incomes that necessitate a report to the revenue officers. Among those persons, a small number are in receipt of incomes that might be termed large—incomes of $10,000 or over, for example. Among these persons with large incomes the majority of the income is secured in the form of rent, interest, dividends and profits. The higher the income group, the larger is the percentage of the income that comes from property holdings.

The economic system that exists at the present time in the United States places a premium on property ownership. The recipients of the large incomes are the holders of the large amounts of property.

Large incomes are property incomes. The rich are rich because they are property owners. Furthermore, the organization of present-day business makes the owner of property more secure—far more secure in his income, than is the worker who produces the wealth out of which the property income is paid.

5. *Plutocracy*

The owning class in the United States is established on an economic basis,—the private ownership of the earth. No more solid foundation for class integrity and class power has ever been discovered.

The owners of the United States are powerfully entrenched. Operating through the corporation, its members have secured possession of the bulk of the more useful

resources, the important franchises and the productive capital. Where they do not own outright, they control. The earth, in America, is the landlords and the fullness thereof. They own the productive machinery, and because they own they are able to secure a vast annual income in return for their bare ownership.

Families which enjoy property income have one great common interest—that of perpetuating and continuing the property income; hence the "cohesion of wealth." "The cohesion of wealth" is a force that welds individuals and families who receive property income into a unified group or class.

The cohesion of wealth is a force of peculiar social significance. It might perhaps be referred to as the class consciousness of the wealthy except that it manifests itself among people who have recently acquired wealth, more violently, in some cases, than it appears among those whose families have possessed wealth for generations. Then, the cohesion of wealth is not always an intelligent force. In the case of some persons it is largely instinctive.

Originally, the cohesion of wealth expresses itself instinctively among a group of wealth owners. They may be competing fiercely as in the case of a group of local banks, department stores, or landlords, but let a common enemy appear, with a proposition for currency reform, labor legislation or land taxation and in a twinkling the conflicting interests are thrown to the winds and the property owners are welded into a coherent, unified group. This is the beginning of a wealth cohesion which develops rapidly into a wealth consciousness.

American business, a generation ago, was highly competitive. Each business man's hand was raised against his neighbor and the downfall of one was a matter of rejoicing for all. The bitter experience of the nineties drove home some lessons; the struggles with labor brought some more; the efforts at government regulations had their effect; but most of all, the experience of meeting with men in various

lines of business and discussing the common problems through the city, state and national and business organizations led to a realization of the fact that those who owned and managed business had more in common than they had in antagonism. By knifing one another they made themselves an easy prey for the unions and the government. By pooling ideas and interests they presented a solid front to the demands of organized labor and the efforts of the public to enforce regulation

"Plutocracy" means control by those who own wealth. The "plutocratic class" consists of that group of persons who control community affairs because they own property. This class, because of its property ownership, is compelled to devote time and infinite pains to the task of safeguarding the sacred rights of property. It is to that task that the leaders of the American plutocracy have committed themselves, and it is from the results of that accomplished work that they are turning to new labors.

X. INDUSTRIAL EMPIRES

1. *They Cannot Pause!*

THE foundations of Empire have been laid in the United States. Territory has been conquered; peoples have been subjugated or annihilated; an imperial class has established itself. Here are all of the essential characteristics of empire.

The American people have been busy laying the political foundations of Empire for three centuries. A great domain, taken by force of arms from the people who were in possession of it has been either incorporated into the Union, or else held as dependent territory. The aborigines have disappeared as a race. The Negroes, kidnaped from their native land, enslaved and later liberated, are still treated as an inferior people who should be the hewers of wood and the drawers of water. A vast territory was taken from Mexico as a result of one war. A quarter million square miles were secured from Spain in another; on the Continent three and a half millions of square miles; in territorial possessions nearly a quarter of a million more—this is the result of little more than two hundred years of struggle; this is the geographic basis for the American Empire.

The structure of owning class power is practically complete in the United States. Through long years the business interests have evolved a form of organization that concentrates the essential power over the industrial and financial processes in a very few hands,—the hands of the investment bankers. During this contest for power the plutocracy learned the value of the control of public opinion, and brought the whole machinery for the direction of public affairs under its domination. Thus political and social institutions as well as the processes of economic life were

made subject to plutocratic authority. A hundred years has sufficed to promulgate ideas of the sacredness of private property that place its preservation and protection among the chief duties of man. Economic organization; the control of all important branches of public affairs, and the elevation of property rights to a place among the beatitudes—by these three means was the authority of the plutocracy established and safeguarded.

Since economic political and social power cover the field of authority that one human being may exercise over another, it might be supposed that the members of the plutocratic class would pause at this point and cease their efforts to increase power. But the owners cannot pause! A force greater than their wills compels them to go on at an ever growing speed. Within the vitals of the economic system upon which it subsists the plutocracy has found a source of never-ending torment in the form of a constantly increasing surplus.

2. *The Knotty Problem of Surplus*

The present system of industry is so organized that the worker is always paid less in wages than he creates in product. A part of this difference between product and wages goes to the upkeep and expansion of the industry in which the worker is employed. Another part in the form of interest, dividends, rents, royalties and profits, goes to the owners of the land and productive machinery.

The values produced in industry and handed to the industrial worker or property owner in the form of income, may be used or "spent" either for "consumption goods"—things that are to be used in satisfying human wants, such as street car transportation, clothing, school books, and smoking tobacco; or for production goods—things that are to be used in the making of wealth, such as factory buildings, lathes, harvesting machinery, railroad equipment. Those who have small incomes necessarily spend the greater

part for the consumption of goods upon which their existence depends. On the other hand, those who are in receipt of large incomes cannot use more than a limited amount of consumption goods. Therefore, they are in a position to turn part of their surplus into production goods. As a reward for this "saving" the system gives them title to an amount of wealth equal to the amount saved, and in addition, it grants an amount of "interest" so that the next year the recipient of surplus gets the regular share of surplus, and beside that an additional reward in the form of interest. His share of the surplus is thus increased. That is, surplus breeds surplus.

The workers are, for the most part, spenders. The great bulk of their income is turned at once into consumption goods. The owners in many instances are capitalists who hold property for the purpose of turning the income derived from it into additional investments.

Could the worker buy back dollar for dollar the values which he produces there would be no surplus in the form of rent, interest, dividends and profits. The present economic system is, however, built upon the principle that those who own the lands and the productive machinery should be recompensed for their mere ownership. It follows, of course, that the more land and machinery there is to own the greater will be the amount of surplus which will go to the owners. Since surplus breeds surplus the owners find that it pays them not to use all of their income in the form of consumption, but rather to invest all that they can, thereby increasing the share of surplus that is due them. The worker, on the other hand, finds that he must produce a constantly larger amount of wealth which he never gets, but which is destined for the payment of rent, interest, dividends and profits. Increased incomes yield increased investments. Increased investments necessitate the creation and payment of increased surplus. The payment of increased surplus means increased incomes. Thus the circle is continued—with the returns heaping up in the coffers of the plutocracy.

Originally the surplus was utilized to free the members of the owning class from the grinding drudgery of daily toil, by permitting them to enjoy the fruits of the labor of others. Then it was employed in the exercise of power over the enconomic and social machinery. But that was not the end—instead it proved only the beginning. As property titles were concentrated in fewer and fewer hands, and the amount of property owned by single individuals or groups of individuals becomes greater, their incomes (chiefly in the form of rent, interest, dividends and profits) rose until by 1917 there were 19,103 persons in the United States who declared incomes of $50,000 or more per year, which is the equivalent of $1,000 per week. Among these persons 141 declared annual incomes of over $1,000,000. Besides these personal incomes, each industry which paid these dividends and profits, through its depreciation, amortization, replacement, new construction, and surplus funds was reinvesting in the industries billions of wealth that would be used in the creation of more wealth. The normal processes of the growth of the modern economic system has forced upon the masters of life the problem of disposing of an ever increasing amount of surplus.

During prosperous periods, the investment funds of a community like England and the United States grow very rapidly. The more prosperous the nation, the greater is the demand from those who cannot spend their huge incomes for safe, paying investment opportunities.

The immense productivity of the present-day system of industry has added greatly to the amount of surplus seeking investment. Each invention, each labor saving device, each substitution of mechanical power that multiplies the productive capacity of industry at the same time increases the surplus at the disposal of the plutocracy.

The surplus must be disposed of. There is no other alternative. If hats, flour and gasoline are pilled up in the warehouses or stored in tanks, no more of these commodities will be made until this surplus has been used. The whole economic system proceeds on the principle that for each

commodity produced, a purchaser must be found before another unit of the commodity is ordered. Demand for commodities stimulates and regulates the machinery of production.

Those in control of the modern economic system have no choice but to produce surplus, and once having produced it, they have no choice except to dispose of it. An inexorable fate drives them onward—augmenting their burdens as it multiplies their labors.

Investment opportunities, of necessity, are eagerly sought by the plutocracy, since the law of their system is "Invest or perish"!

Invest? Where? Where there is some demand for surplus capital—that is in "undeveloped countries."

The necessity for disposing of surplus has imposed upon the business men of the world a classification of all countries as "developed" or "undeveloped." "Developed" countries are those in which the capitalist processes have gone far enough to produce a surplus that is sufficient to provide for the upkeep and for the normal expansion of industry. In "developed" countries mines are opened, factories are built, railroads are financed, as rapidly as needed, out of the domestic industrial surplus. "Undeveloped" countries are those which cannot produce sufficient capital for their own needs, and which must, therefore, depend for industrial expansion upon investments of capital from the countries that do produce a surplus.

"Developed" countries are those in which the modern industrial system has been thoroughly established.

The contrast between developed and undeveloped countries is made clear by an examination of the investments of any investing nation, such as Great Britain. Great Britain in 1913 was surrounded by rich, prosperous neighbors—France, Germany, Holland, Belgium. Each year about a billion dollars in English capital was invested outside of the British Isles. Where did this wealth go? The chief objectives of British investment, aside from the

British Dominions and the United States, were (stated in millions of pounds) Argentine 320; Brazil 148; Mexico 99; Russia 67; France 8 and Germany 6. The wealth of Germany or France is greater than that of Argentine, Brazil and Mexico combined, but Germany and France were developed countries, producing enough surplus for their own needs, and, therefore, the investable wealth of Great Britain went, not to her rich neighbors, but to the poorer lands across the sea.

Each nation that produces an investable surplus—and in the nature of the present economic system, every capitalist nation must some day reach the point where it can no longer absorb its own surplus wealth—must find some undeveloped country in which to invest its surplus. Otherwise the continuity of the capitalist world is unthinkable. Great Britain, Belgium, Holland, France, Germany and Japan all had reached this stage before the war. The United States was approaching it rapidly.

3. *"Undeveloped Countries"*

Capitalism is so new that the active struggle to secure investment opportunities in undeveloped countries is of the most recent origin. The voyages which resulted in the discovery, by modern Europeans, of the Americas, Australia, Japan, and an easy road to the Orient, were all made within 500 years. The actual processes of capitalism are products of the past 150 years in England, where they had their origin. In France, Germany, Italy and Japan they have existed for less than a century. The great burst of economic activity which has pushed the United States so rapidly to the fore as a producer of surplus wealth dates from the Civil War. Only in the last generation did there arise the financial imperialism that results from the necessity of finding a market for investable surplus.

The struggle for world trade had been waged for centuries before the advent of capitalism, but the struggle for in-

vestment opportunities in undeveloped countries is strictly modern. The matter is strikingly stated by Amos Pinchot in his "Peace or Armed Peace" (Nov. 11, 1918).

"If you will look at the maps following page 554 of Hazen's 'Europe since 1815,' or any other standard colored map showing Africa and Asia in 1884, you will see that, but for a few rare spots of coloration, the whole continent of Africa is pure white. Crossing the Red Sea into Arabia, Persia, Mesopotamia and Asia Minor, you will find the same or rather a more complete lack of color. This is merely the cartographer's way of showing, by tint and lack of tint, that at that time Africa and Western Asia were still in the hands of their native populations.

"Let us now turn to the same maps thirty years later, i.e., in 1914. We find them utterly changed. They are no longer white, but a patch work of variegated hues. . . .

"From 1870 to 1900, Great Britain added to her possessions, to say nothing of her spheres of influence, nearly 5,000,000 square miles with an estimated population of 88,000,000. Within a few years after England's permanent occupation of Egypt, which was the signal for the renaissance of French colonialism, France increased hers by 3,500,000 square miles with a population of 37,000,000, not counting Morocco added in 1911. Germany, whose colonialism came later, because home and nearby markets longer absorbed the product of her machines, brought under her dominion from 1884 to 1899 1,000,000 square miles with an estimated population of 14,000,000."

This is a picture of the political effects that followed the economic causes summed up in the term "financial imperialism."

In the seventeenth and eighteenth centuries it was the trader, dealing in raw stuff; in the nineteenth century it was the manufacturer, producing at low cost to cut under his neighbor's price. During the past thirty years the investment banker has occupied the foreground with his efforts to find safe, paying opportunities for the disposal of

the surplus committed to his care. British bankers, French bankers, German bankers, Belgian bankers, Dutch bankers—all intent upon the same mission—because behind all, and relentlessly driving, were the accumulating surpluses, demanding an outlet. European bankers found that outlet in Africa, Asia, Australia and the Americas. The stupendous strides in the development of the resources in these countries would have been impossible but for that surplus of European capital.

The undeveloped countries to-day have the same characteristics,—virgin resources, industrial and commercial possibilities, and in many cases cheap labor. This is true, for example, in China, Mexico and India. It is true to a less extent in South America and South Africa. The logical destination of capital is the point where the investment will "pay."

The investor who has used up the cream of the home investment market turns his eyes abroad. As a recent writer has suggested, "There is a glamor about the foreign investment" which does not hold for a domestic one. Foreign investments have yielded such huge returns in the past that there is always a seeming possibility of wonderful gains for the future. The risk is greater, of course, but this is more than offset by the increased rate of return. If it were not so, the wealth would be invested at home or held idle.

4. *The Great Investing Nations*

The great industrial nations are the great investing nations. An agriculture community produces little surplus wealth. Land values are low, franchises and special privileges are negligible factors. There can be relatively little speculation. Changes in method of production are infrequent. Changes in values and total wealth are gradual. The owning class in an agriculture civilization may live comfortably. If it is very small in proportion to the total population it may live luxuriously, but it cannot derive

great revenues such as those secured by the owning classes of an industrial civilization.

Industrial civilization possesses all of the factors for augmenting surplus wealth which are lacking in agricultural civilizations. Changes in the forms of industrial production are rapid; special privilege yields rich returns and is the subject of wide speculative activity; land values increase; labor saving machinery multiplies man's capacity to turn out wealth. As much surplus wealth might be produced in a year of this industrial life as could have been turned out in a generation or a century of agricultural activity or of hand-craft industry.

England, France, Germany, Holland, Belgium, Japan and the United States, the great industrial nations, have become the great lending nations. Their search for "undeveloped territory" and "spheres of influence" is not a search for trade, but for an opportunity to invest and exploit. If these nations wished to exchange cotton for coffee, or machinery for wheat on even terms, they could exchange with one another, or with one of the undeveloped countries, but they demand an outlet for surplus wealth—an outlet that can only be utilized where the government of the developed country will guarantee the investment of its citizens in the undeveloped territory.

The investing nations either want to take the raw products of the undeveloped country, manufacture them and sell them back as finished material (the British policy in India), or else they desire to secure possession of the resources, franchises and other special privileges in the undeveloped country which they can exploit for their own profit (the British policy in South America).

The Indians, under the British policy, are thus in relatively the same position as the workers in one of the industrial countries. They are paid for their raw material a fraction of the value of the finished product. They are expected to buy back the finished product, which is a manifest impossibility. There is thus a drastic limitation on the

exploitation of undeveloped countries, just as there is a limitation on the exploitation of domestic labor. In both cases the people as consumers can buy back less in value than the exploiters have to sell. Obviously the time must come when all the undeveloped sections of the world have been exploited to the limit. Then surplus will go a-begging.

Some of the investors in the great exploiting nations have abandoned the idea of making huge returns by way of the English policy in India. Instead the investors in every nation are buying up resources, franchises and concessions and other special privileges in the undeveloped countries and treating them in exactly the same way that they would treat a domestic investment. In this case the resources and labor of the undeveloped country are exploited for the profit of the foreign investor.

The Roman conquerors subjugated the people politically and then exacted an economic return in the form of tribute. The modern imperialists do not bother about the political machinery, so long as it remains in abeyance, but content themselves with securing possession of the economic resources of a region and exacting a return in interest and dividends on the investment. Political tribute is largely a thing of the past. In its place there is a new form—economic tribute—which is safer, cheaper, and on the whole far superior to the Roman method of exploiting undeveloped regions.

5. *The American Home Field*

A hundred years ago the United States was an undeveloped country. Its resources were virgin. Its wealth possibilities were immense. Both domestic and foreign capitalists invested large sums in the canals, the railroads and other American commercial and industrial enterprises. The rapid economic expansion of recent years has involved the outlay of huge sums of new capital.

The total capital invested in manufactures was 8,975 millions in 1899 and 22,791 millions in 1914. The total

of railway capital was 11,034 millions in 1899 and 20,247 millions in 1914. Manufacturing and railroading alone secured a capital outlay of over 20 billions in 15 years. Some idea of the increase in investments may be gained from the amount of new stocks and bonds listed annually on the New York Stock Exchange. The total amount of new stocks listed for the five years ending with 1914 was 1,420 millions; the total of new bonds was 2,226 million. (*The Financial Review Annual,* 1918, p. 67.) The total capital of new companies (with an authorized capital of at least $100,000) was in 1918, $2,599,753,600; in 1919, $12,677,229,600, and in the first 10 months of 1920, $12,242,577,700. (Bradstreets, Nov. 6, 1920, p. 731.) The figures showing the amount of stocks and bonds issued do not by any means exhaust the field of new capital. Reference has already been made to the fact that the United States Steel Corporation, between 1903 and 1918 increased its issues of stocks and bonds by only $31,600,000, while, in the same time its assets increased $987,000,000. The same fact is illustrated, on a larger scale, in a summary (*Wall Street Journal,* August 7, 1919) of the finances of 104 corporations covering the four years, December 31, 1914, to December 31, 1918. During this time, six of the leading steel companies of the United States increased their working capital by $461,965,000 and their surplus by $617,656,000. This billion was taken out of the earnings of the companies. Concerning the entire 104 corporations, the *Journal* notes that, "After heavy expenditures for new construction and acquisitions, and record breaking dividends, they added a total of nearly $2,000,000,000 to working capital." In addition, these corporations, in four years, showed a gain of $1,941,498,000 in surplus and a gain in inventories of $1,522,000,000.

Considerable amounts of capital are invested in private industry, by individuals and partnerships. No record of these investments ever appears. Farmers invest in animals, machinery and improved buildings—investments that are not represented by stocks or bonds. Again, the great corporations themselves are constantly adding to their as-

sets without increasing their stock or bond issues. In these and other ways, billions of new capital are yearly absorbed by the home investment market.

Although most of the enterprises of the United States have been floated with American capital, the investors of Great Britain, Holland, France and other countries took a hand. In 1913 the capitalists of Great Britain had larger investments in the United States than in any other country, or than in any British Dominion. (The U. S., 754,617,000 pounds; Canada and Newfoundland, 514,870,000 pounds; India and Ceylon, 378,776,000 pounds; South Africa, 370,192,000 pounds and so on. (*Annals*, 1916, Vol. 68, p. 28, Article by C. K. Hobson.) The aggregate amount of European capital invested in the United States was approximately $6,500,000,000 in 1910. Of this sum more than half was British. ("Trade Balance of the United States," George Paisch. National Monetary Commission, 1910, p. 175.)

By the beginning of the present century (the U. S. Steel Corporation was organized in 1901) the main work of organization inside of the United States was completed. The bankers had some incidental tasks before them, but the industrial leaders themselves had done their pioneer duty. There were corners to be smoothed off, and bearings to be rubbed down, but the great structural problems had been solved, and the foundations of world industrial empire had been laid.

6. *Leaving the Home Field*

The Spanish-American War marks the beginning of the new era in American business organization. This war found the American people isolated and provincial. It left them with a new feeling for their own importance.

The worlds at home had been conquered. The transcontinental railroads had been built; the steel industry, the oil industry, the coal industry, the leather industry, the woolen industry and a host of others had been organized

by a whole generation of industrial organizers who had given their lives to this task.

Across the borders of the United States—almost within arm's reach of the eager, stirring, high-strung men of the new generation, there were tens of thousands of square miles of undeveloped territory—territory that was fabulously rich in ore, in timber, in oil, in fertility. On every side the lands stretched away—Mexico, the West Indies, Central America, Canada—with opportunity that was to be had for the taking.

Opportunity called. Capital, seeking new fields for investment, urged. Youth, enthusiasm and enterprise answered the challenge.

The foreign investments of the United States at the time of the Spanish-American War were negligible. By 1910 American business men had two billions invested abroad—$700,000,000 in Mexico; $500,000,000 in Canada; $350,000,000 in Europe, and smaller sums in the West Indies, the Philippines, China, Central and South America. In 1913 there was a billion invested in Mexico and an equal amount in Canada. ("Commercial Policy," W. S. Culbertson, New York, Appleton, 1919, p. 315.)

Capital flowed out of the United States in two directions:

1. Toward the resources which were so abundant in certain foreign countries.
2. Toward foreign markets.

7. *Building on Foreign Resources*

The Bethlehem Steel Corporation is a typical industry that has built up foreign connections as a means of exploiting foreign resources. The Corporation has a huge organization in the United States which includes 10 manufacturing plants, a coke producing company, 11 ship building plants, six mines and quarries, and extensive coal deposits in Pennsylvania and West Virginia. The Bethlehem Steel Corporation also controls ore properties near San-

tiago, Cuba, near Nipe Bay, Cuba, and extensive deposits along the northern coast of Cuba; large ore properties at Tofo, Chile, and the Ore Steamship Corporation, a carrying line for Chilean and Cuban ore.

The American Smelting and Refining Company is another illustration of expansion into a foreign country for the purpose of utilizing foreign resources. According to the record of the Company's properties, the Company was operating six refining plants, one located in New Jersey; one in Nebraska; one in California; one in Illinois; one in Maryland, and one in Washington. The Company owned 14 lead smelters and 11 copper smelters, located as follows: Colorado, 4; Utah, 2; Texas, 2; Arizona, 2; New Jersey, 2; Montana, 1; Washington, 1; Nebraska, 1; California, 1; Illinois, 1; Chile, 2; Mexico, 6. Among these 25 plants a third is located outside of the United States.

These are but two examples. The rubber, oil, tobacco and sugar interests have pursued a similar policy—extending their organization in such a way as to utilize foreign resources as a source for the raw materials that are destined to be manufactured in the United States.

8. *Manufacturing and Marketing Abroad*

The Bethlehem Steel Corporation and the American Smelting and Refining Company go outside of the United States for the resources upon which their industries depend. Their fabricating industries are carried on inside of the country. There are a number of the great industries of the country that have gone outside of the United States to do their manufacturing and to organize the marketing of their products.

The International Harvester Company has built a world-wide organization. It manufactures harvesting machinery, farm implements, gasoline engines, tractors, wagons and separators at Springfield, Ohio; Rock Falls, Ill.; Chicago, Ill.; Auburn, New York; Akron, Ohio; Milwaukee, Wisc.,

and West Pullman, Ill. It has iron mines, coal mines and steel plants operated by the Wisconsin Steel Company. It has three twine mills and four railways. Foreign plants and branches are listed as follows: Norrkoping, Sweden; Copenhagen, Denmark; Christiania, Norway; Paris, France; Croix, France; Berlin, Germany; Hamilton, Ontario, Canada; Zurich, Switzerland; Vienna, Austria; Lubertzy, Russia; Neuss, Germany; Melbourne, Australia; London, England; Christ Church, New Zealand.

One of the greatest industrial empires in the world is the Standard Oil Properties. It is not possible to go into detail with regard to their operations. Space will admit of a brief comment upon one of the constituent parts or "states" of the empire—The Standard Oil Company of New Jersey. With a capital stock of $100,000,000, this Company, from the dissolution of the Standard Oil Company, December 15, 1911, to June 15, 1918, a period of six and a half years, paid dividends of $174,058,932.

The company describes itself as "a manufacturing enterprise with a large foreign business. The company drills oil wells, pumps them, refines the crude oil into many forms and sells the product—mostly abroad." (*The Lamp*, May, 1918.) The properties of the Company are thus listed:

1. The Company has 13 refineries, seven of them in New Jersey, Maryland, Oklahoma, Louisiana and West Virginia. Four of the remaining refineries are located in Canada, one is in Mexico and one in Peru.

2. Pipeline properties in New York, New Jersey, Pennsylvania and Maryland.

3. A fleet of 54 ocean-going tank steamers with a capacity of 486,480 dead weight tons. (This is about two per cent of the total ocean-going tonnage of the world.)

4. Can and case factories, barrel factories, canning plants, glue factories and pipe shops.

5. Through its subsidiary corporations, the Company controls:

a. Oil wells in Pennsylvania, West Virginia, Ohio, Kentucky, Louisiana, Arkansas, Mississippi, Texas, California, Peru and Mexico. In connection with many of these properties refineries are operated.

b. One subsidary has 550 marketing stations in Canada. Others market in various parts of the United States; in the West Indies; in Central and South America; in Germany, Austria, Roumania, the Netherlands, France, Denmark and Italy.

The Standard Oil Company of New Jersey comprises only one part—though a very successful part—of the Standard Oil Group of industries. It is one industrial state in a great industrial empire.

Foreign resources offer opportunities to the exploiter. Foreign markets beckon. Both calls have been heeded by the American business interests that are busy building the international machinery of business organization.

9. *International Business and Finance*

The steel, smelting, oil, sugar, tobacco, and harvester interests are confined to relatively narrow lines. In their wake have followed general business, and above all, financial activities.

The American International Corporation was described by its vice-president (Mr. Connick) before a Senate Committee on March 1, 1918. "Until the Russian situation became too acute, they had offices in Petrograd, London, Paris, Rome, Mexico City. They sent commissions and agents and business men to South America to promote trade. . . . They were negotiating contracts for a thousand miles of railroad in China. They were practically rebuilding, you might say, the Grand Canal in China. They had acquired the Pacific Mail. . . . They then bought the New York Shipbuilding Corporation to provide ships for their shipping interests."

By 1919 (*New York Times,* Oct. 31, 1919) the Company had acquired Carter Macy & Co., and the Rosin and Turpentine Export Co., and was interested in the International Mercantile Marine and the United Fruit Companies.

Another illustration of the same kind of general foreign business appeared in the form of an advertisement inserted on the financial page of the *New York Times* (July 10, 1919) by three leading financial firms, which called attention to a $3,000,000 note issue of the Haytian American Corporation "Incorporated under the laws of the State of New York, owning and operating sugar, railroad, wharf and public utility companies in the Republic of Hayti." Further, the advertisers note: "The diversity of the Company's operations assures stability of earnings."

American manufacturers, traders and industrial empire builders have not gone alone into the foreign field. The bankers have accompanied them.

Several of the great financial institutions of the country are advertising their foreign connections.

The Guaranty Trust Company (*New York Times,* Jan. 10, 1919) advertises under the caption "Direct Foreign Banking Facilities" offering "a direct and comprehensive banking service for trade with all countries." These connections include:

1. Branches in London and Paris, which are designated United States depositories. "They are American institutions conducted on American lines, and are especially well equipped to render banking service throughout Europe." There are additional branches in Liverpool and Brussels. The Company also has direct connections in Italy and Spain, and representatives in the Scandinavian countries.

2. "Direct connections with the leading financial institutions in Argentina, Uruguay, Chile, and Brazil." A special representative in Buenos Ayres. "Through our affiliation with the Mercantile Bank of the Americas and its connections, we cover Peru, Northern Brazil, Columbia,

Ecuador, Venezuela, Nicaragua, Honduras, Guatemala, and other South and Central American countries."

3. "Through the American Mercantile Bank of Cuba, at Havana, we cover direct Cuba and the West Indies."

4. "Direct banking and merchant service throughout British India," together with correspondents in the East Indies and the Straits Settlements.

5. "Direct connections with the National Bank of South Africa, at Cape Town, and its many branches in the Transvaal, Rhodesia, Natal, Mozambique, etc."

6. Direct banking connections and a special representative in Australia and New Zealand.

7. "Through our affiliations with the Asia Banking Corporation we negotiate, direct, banking transactions of every nature in China, Manchuria, Southeastern Siberia, and throughout the Far East. The Asia Banking Corporation has its main office in New York and is establishing branches in these important trade centers: Shanghai, Pekin, Tientsin, Hankow, Harbin, Vladivostok. We are also official correspondents for leading Japanese banks."

The advertisement concludes with this statement: "Our Foreign Trade Bureau collects and makes available accurate and up-to-date information relating to foreign trade—export markets, foreign financial and economic conditions, shipping facilities, export technique, etc. It endeavors to bring into touch buyers and sellers here and abroad."

The same issue of the *Times* carries a statement of the Mercantile Bank of the Americas which "offers the services of a banking organization with branches and affiliated banks in important trade centers throughout Central and South America, France and Spain." The Bank describes itself as "an American Bank for Foreign trade." Among its eleven directors are the President and two Vice-Presidents of the Guaranty Trust Company.

The Asia Banking Corporation, upon which the Guaranty Trust Company relies for its Eastern connections, was organized in 1918 "to engage in international and foreign

banking in China, in the dependencies and insular possessions of the United States, and, ultimately in Siberia" (*Standard Corporation Service,* May-August, 1918, p. 42). The officers elected in August 1918, were Charles H. Sabin, President of the Guaranty Trust Co., President; Albert Breton, Vice-President of the Guaranty Trust Co., and Ralph Dawson, Assistant Secretary of the Guaranty Trust Company, Vice-Presidents, and Robert A. Shaw, of the overseas division of the Guaranty Trust Company, Treasurer. Among the directors are representatives of the Bankers Trust Company and of the Mercantile Bank of the Americas.

10. *The National City Bank*

The National City Bank of New York—the first bank in the history of the Western Hemisphere to show resources exceeding one billion dollars—illustrates in its development the cyclonic changes that the past few years have brought into American business circles. The National City Bank, originally chartered in 1812, had resources of $16,750,929 in 1879 and of $18,214,823 in 1889. From that point its development has been electric. The resources of the Bank totaled 128 millions in 1899; 280 millions in 1909; $1,039,418,324 in 1919. Between 1889 and 1899 they increased 600 per cent; between 1899 and 1919 they increased 700 per cent; during the 40 years from 1889 and 1919 the increase in resources exceeded six thousand per cent.

The organization of the Bank is indicative of the organization of modern business. Among the twenty-one directors, all of whom are engaged in some form of business enterprise, there are the names of William Rockefeller, Percy A. Rockefeller, J. Ogden Armour, Cleveland H. Dodge of the Phelps-Dodge Corporation, Cyrus H. McCormick of the International Harvester Co., Philip A. S. Franklin, President of the International Mercantile Marine Co.; Earl D. Babst, President of the American Sugar Refining Co.; Edgar Palmer, President of the New Jersey

Zinc Co.; Nathan C. Kingsbury, Vice-President of the Union Pacific Railroad Co., and Frank Krumball, Chairman of the Chesapeake & Ohio Railroad Co. Some of the most powerful mining, manufacturing, transportation and public utility interests in the United States are represented, directly or indirectly, in this list.

The domestic organization of the Bank consists of five divisions, each one under a vice-president. New York City constitutes the first division; the second division comprises New England and New York State outside of New York City; the three remaining divisions cover the other portions of the United States. Except for the size and the completeness of its organization, the National City Bank differs in no essential particulars from numerous other large banking institutions. It is a financial superstructure built upon a massive foundation of industrial enterprise.

The phase of the Bank's activity that is of peculiar significance at the present juncture is its foreign organization, all of which has been established since the outbreak of the European war.

The foreign business of the National City Bank is carried on by the National City Bank proper and the International Banking Corporation. The first foreign branch of the National City Bank was established at Buenos Aires on November 10th, 1914. On January 1st, 1919, the National City Bank had a total of 15 foreign branches; on December 31st, 1919, it had a total of 74 foreign branches.

The policy of the Bank in its establishment of foreign branches is described thus in its "Statement of Condition, December 31st, 1919": "The feature of branch development during the year was the expansion in Cuba, where twenty-two new branches were opened, making twenty-four in the island. Cuba is very prosperous, as a result of the expansion of the sugar industry, and as sugar is produced there under very favorable conditions economically, and the location is most convenient for supplying the United States, the industry is on a sound basis, and relations with the

United States are likely to continue close and friendly. Cuba is a market of growing importance to the United States, and the system of branches established by the Bank is designed to serve the trade between the two countries." The trader and the Banker are to work hand in hand.

The National City Bank has branches in Argentina, Brazil, Belgium, Chile, Colombia, Cuba, Italy, Porto Rico, Russia, Siberia, Spain, Trinidad, Uruguay and Venezuela, all of which have been established since 1914.

A portion of the foreign business of the National City Bank is conducted by the International Banking Corporation which was established in 1902 and which became a part of the National City Bank organization in 1915. The International Banking Corporation has a total of twenty-eight branches located in California, China, England, France, India, Japan, Java, Dominican Republic, Philippine Islands, Republic of Panama and the Straits Settlements. Under this arrangement, the financial relations with America are made by the National City Bank proper; while those with Europe and Asia are in the hands of the International Banking Corporation and the combination provides the Bank with 75 branches in addition to its vast organization within the United States.

The National City Bank of 1889, with its resources of eighteen millions, was a small affair compared with the billion dollar resources of 1920. Thirty years sufficed for a growth from youth to robust adulthood. Within five years, the Bank built up a system of foreign branches that make it one of the most potent States in the federation of international financial institutions.

11. *Onward*

Exploiters of foreign resources, manufacturers, traders and bankers have moved, side by side, out of the United States into the foreign field. Step by step they have advanced, rearing the economic structure of empire as they went.

The business men of the United States had no choice. They could not pause when they had spanned the continent. Ambition called them, surplus compelled them, profits lured them, the will to power dominated their lives. As well expect the Old Guard to pause in the middle of a charge—even before the sunken road at Waterloo—as to expect the business interests of the United States to cease their efforts and lay down their tools of conquest simply because they had reached the ocean in one direction. While there were left other directions in which there was no ocean; while other undeveloped regions offered the possibility of development, an inexorable fate—the fate inherent in the economic and the human stuff with which they were working compelled them to cry "Onward!" and to turn to the tasks that lay ahead.

The fathers and grandfathers of these Twentieth Century American Plutocrats, working coatless in their tiny factories; managing their corner stores; serving their local banks, and holding their minor offices had never dreamed of the destiny that lay ahead. No matter. The necessity for expansion had come and with it came the opportunity. The economic pressure complemented the human desire for "more." The structure of business organization, which was erected to conquer one continent could not cease functioning when that one continent was subdued. Rather, high geared and speeded up as it was, it was in fine form to extend its conquests, like the well groomed army that has come scatheless through a great campaign, and that longs, throughout its tensely unified structure to be off on the next mission.

The business life of the United States came to the Pacific; touched the Canadian border; surged against the Rio Grande. The continent had been spanned; the objective had been attained. Still, the cry was "Onward!"

Onward? Whither?

Onward to the lands where resources are abundant and rich; onward where labor is plentiful, docile and cheap; on-

ward where the opportunities for huge profits are met with on every hand; onward into the undeveloped countries of the world.

The capitalists of the European nations, faced by a similar necessity for expansion, had been compelled to go half round the earth to India, to South Africa, to the East Indies, to China, to Canada, to South America. Close at home there was no country except Russia that offered great possibilities of development.

The business interests of the United States were more fortunate. At their very doors lay the opportuniteis—in Canada, in Mexico, in the West Indies, in Central and South America. Here were countries with the amplest, richest resources; countries open for capitalist development. To be sure these investment fields had been invaded already by foreign capitalists—British, German, Belgian and Spanish. But at the same time they were surrounded by a tradition of great virility and power—the tradition of "America for the Americans."

XI. THE GREAT WAR

1. *Daylight*

The work of industrial empire building had continued for less than half a century when the United States entered the Great War, which was one in a sequence of events that bound America to the wheel of destiny as it bound England and France and Germany and Japan and every other country that had adopted the capitalist method of production.

The war-test revealed the United States to the world and to its own people as a great nation playing a mighty rôle in international affairs. Most Europeans had not suspected the extent of its power. Even the Americans did not realize it. Nevertheless, the processes of economic empire building had laid a foundation upon which the superstructure of political empire is reared as a matter of course. Henceforth, no one need ask whether the United States should or should not be an imperial nation. There remained only the task of determining what form American imperialism should take.

The Great War rounded out the imperial beginnings of the United States. It strengthened the plutocracy at home; it gave the United States immense prestige abroad.

The Era of Imperialism dawned upon the United States in 1898. Daylight broke in 1914, and the night of isolation and of international unimportance gave place to a new day of imperial power.

2. *Plutocracy in the Saddle*

The rapid sweep across a new continent had placed the resources of the United States in the hands of a powerful minority. Nature had been generous and private ownership of the inexhaustible wilderness seemed to be the natural—the obvious method of procedure.

The lightning march of the American people across the continent gave the plutocracy its grip on the natural resources. The revolutionary transformations in industry guaranteed its control of the productive machinery.

The wizards of industrial activity have changed the structure of business life even more rapidly than they have conquered the wilderness. True sons of their revolutionary ancestors, they have slashed and remodeled and built anew with little regard for the past.

Revolutions are the stalking grounds of predatory power. Napoleon built his empire on the French Revolution; Cromwell on the revolt against tyrannical royalty in England. Peaceful times give less opportunity to personal ambition. Institutions are well-rooted, customs and habits are firmly placed, life is regulated and held to earth by a fixed framework of habit and tradition.

Revolution comes—fiercely, impetuously—uprooting institutions, overthrowing traditions, tearing customs from their resting places. All is uncertainty—chaos, when, lo! a man on horseback gathers the loose strands together saying, "Good people, I know, follow me!"

He does know; but woe to the people who follow him! Yet, what shall they do? Whither shall they turn? How shall they act? Who can be relied upon in this uncertain hour?

The man on horseback rises in his stirrups—speaking in mighty accents his message of hope and cheer, reassuring, promising, encouraging, inspiring all who come within the sound of his voice. His is the one assurance in a wilderness of uncertainty. What wonder that the people follow where he leads and beckons!

The revolutionary changes in American economic life between the Civil War and the War of 1914 gave the plutocrat his chance. He was the man on horseback, quick, clever, shrewd, farseeing, persuasive, powerful. Through the courses of these revolutionary changes, the Hills, Goulds, Harrimans, Wideners, Weyerhausers, Guggen-

heims, Rockefellers, Carnegies, and Morgans did to the American economic organization exactly what Napoleon did to the French political organization—they took possession of it.

3. *Making the Plutocracy Be Good*

The American people were still thinking the thoughts of a competitive economic life when the cohorts of an organized plutocracy bore down upon them. High prices, trusts, millionaires, huge profits, corruption, betrayal of public office took the people by surprise, confused them, baffled them, enraged them. Their first thought was of politics, and during the years immediately preceding the war they were busy with the problem of legislating goodness into the plutocracy.

The plutocrats were in public disfavor, and their control of natural resources, banks, railroads, mines, factories, political parties, public offices, governmental machinery, the school system, the press, the pulpit, the movie business,—all of this power amounted to nothing unless it was backed by public opinion.

How could the plutocracy—the discredited, vilified plutocracy—get public opinion? How could the exploiters gain the confidence of the American people? There was only one way—they must line up with some cause that would command public attention and compel public support. The cause that it chose was the "defense of the United States."

4. *"Preparedness"*

The plutocracy, with a united front, "went in" for the "defense of the United States,"—attacking the people on the side of their greatest weakness; playing upon their primitive emotions of fear and hate. The campaign was intense and dramatic, featuring Japanese invasions, Mexican inroads, and a world conquest by Germany.

The preparedness campaign was a marvel of efficient business organization. Its promoters made use of every device known to the advertising profession; the best brains were employed, and the country was blanketed with preparedness propaganda.

Officers of the Army and Navy were frank in insisting that the defense of the United States was adequately provided for. (See testimony of General Nelson A. Miles. *Congressional Record,* February 3, 1916, p. 2265.) Still the preparedness campaign continued with vigor. Congressman Clyde H. Tavenner in his speech, "The Navy League Unmasked," showed why. He gave facts like those apppearing in George R. Kirkpatrick's book, "War, What For"; in F. C. Howe's "Why War," and in J. A. Hobson's "Imperialism," showing that, in the words of an English authority, "patriotism at from 10 to 15 per cent is a temptation for the best of citizens."

Tavenner established the connection between the preparedness campaign and those who were making profits out of the powder business, the nickel business, the copper business, and the steel business, interlocked through interlocking directorates; then he established the connection between the Navy League and the firm of J. P. Morgan & Co., 23 Wall St., New York. Regarding this connection, Congressman Tavenner said, "The Navy League upon close examination would appear to be little more than a branch office of the house of J. P. Morgan & Co., and a general sales promotion bureau for the various armor and munition makers and the steel, nickel, copper and zinc interests." [1]

The preparedness movement came from the business interests. It was fostered and financed by the plutocrats. It was their first successful effort at winning public confidence, and so well was it managed that millions of Americans fell into line, fired by the love of the flag and the world-old devotion to family and fireside.

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[1] "The Navy League Unmasked," Speech of December 15, 1915. *Congressional Record.*

5. *Patriots*

From preparedness to patriotism was an easy step. The preparedness advocates had evoked the spirit of the founders of American democracy and worked upon the emotions of the people until it was generally understood that those who favored preparedness were patriots.

Plutocratic patriotism was accepted by the press, the pulpit, the college, and every other important channel of public information in the United States. Editors, ministers, professors and lawyers proclaimed it as though it were their own. Randolph Bourne, in a brilliant article (*Seven Arts*, July, 1917) reminds his readers of "the virtuous horror and stupefaction when they read the manifesto of their ninety-three German colleagues in defense of the war. To the American academic mind of 1914 defense of war was inconceivable. From Bernhardi it recoiled as from a blasphemy, little dreaming that two years later would find it creating its own cleanly reasons for imposing military service on the country and for talking of the rough rude currents of health and regeneration that war would send through the American body politic. They would have thought any one mad who talked of shipping American men by the hundreds of thousands—conscripts—to die on the fields of France. . . ."

The American plutocracy was magnified, deified, and consecrated to the task of making the world safe for democracy. Exploiters had turned saviors and were conducting a campaign to raise $100,000,000 for the Red Cross.[2] The "malefactors of great wealth," the predatory business forces, the special privileged few who had exploited the American people for generations, became the prophets and the crusaders,

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2 This campaign was conducted by H. P. Davison, one of the leading members of the firm of J. P. Morgan and Co. Later a great war-fund drive was conducted by John D. Rockefeller, Jr. Cleveland H. Dodge of the Phelps-Dodge corporation was treasurer of another fund.

the keepers of the ark of the covenant of American democracy.

Radicals who had always opposed war, ministers who had spent their lives preaching peace upon earth, scientists whose work had brought them into contact with the peoples of the whole world, public men who believed that the United States could do greater and better work for democracy by staying out of the war, were branded as traitors and were persecuted as zealously as though they had sided with Protestantism in Catholic Spain under the Inquisition.

By a clever move, the plutocrats, wrapped in the flag and proclaiming a crusade to inaugurate democracy in Germany, rallied to their support the professional classes of the United States and millions of the common people.

6. *Business in Control*

After the declaration of war, the mobilization and direction of the economic war work of the government was placed in the hands of the Council of National Defense, an organized group of the leading business men. The Council consisted of six members of the President's Cabinet, assisted by an Advisory Commission and numerous subcommittees. The "Advisory Commission" of the Council (the real working body) contained four business men, an educator, a labor leader and a medical man. ("The Council of National Defense" a bulletin issued by the Council under date of June 28, 1917.)

Each member of the Advisory Commission had a group of persons coöperating with him. The make-up of these various committees was significant. Among 706 persons listed in the original schedule of sub-committees, 404 were business men, 200 were professional men, 59 were labor men, 23 were public officials and 20 were miscellaneous. It was only in Mr. Gompers' group that labor had any representation, and even there, out of 138 persons only 59 were workers or officials of unions, while 34 were business

men and 33 professional men, so that among Mr. Gompers' assistants the business and professional men combined considerably outnumbered the labor men.

The make-up of some of the sub-committees revealed the forces behind the Defense Council. Thus Mr. Willard's sub-committee on "Express" consisted of four vice-presidents, one from the American, one from the Wells-Fargo, one from the Southern and one from the Adams Express Company. His committee on "Locomotives" consisted of the Vice-President of the Porter Locomotive Company, the President of the American Locomotive Company, and the Chairman of the Lima Locomotive Corporation. Mr. Rosenwald's committee on "Shoe and Leather Industries" consisted of eight persons, all of them representing shoe or leather companies. His committee on "Woolen Manufactures" consisted of eight representatives of the woolen industry. The same business supremacy appeared in Mr. Baruch's committees. His committee on "Cement" consisted of the presidents of four of the leading cement companies, the vice-president of a fifth cement company, and a representative of the Bureau of Standards of Washington. His committee on "Copper" had the names of the presidents of the Anaconda Copper Company, the Calumet & Hecla Mining Company, the United Verde Copper Company and the Utah Copper Company. His committee on "Steel and Steel Products" consisted of Elbert H. Gary, Chairman of the United States Steel Corporation; Charles M. Schwab, of the Bethlehem Steel Company; A. C. Dinkey, Vice-President of the Midvale Steel Company; W. L. King, Vice-President of Jones & Loughlin Steel Company, and J. A. Burden, President of the Burden Steel Company. The four other members of the committee represented the Republic Iron and Steel Company, the Lackawanna Steel Company, the American Iron and Steel Institute and the Picklands, Mather Co., of Cleveland. Perhaps the most astounding of all the committees was that on "Oil." The chairman was the President of the Standard Oil Company, and the secretary of the committee gives his address as "26 Broadway," the address of the Standard Oil Com-

pany. The other nine members of the committee were oil men from various parts of the country. What thinking American would have suggested, three years before, that the Standard Oil Company would be officially directing a part of the work of the Federal Government?

Comment is superfluous. Every great industrial enterprise of the United States had secured representation on the committees of business men that were responsible for the direction of the economic side of war making.

Then came the Liberty Loan campaigns and Red Cross drives, the direction of which also was given into the hands of experienced business men. In each community, the leaders in the business world were the leaders in these war-time activities. Since the center of business life was the bank, it followed that the directing power in all of the war-time campaigns rested with the bankers, and thus the whole nation was mobilized under the direction of its financiers.

The results of these experiences were far-reaching. During two generations, the people of the United States had been passing anti-trust laws and anti-pooling laws, the aim of which was to prevent the business men of the country from getting together. The war crisis not only brought them together, but when they did assemble, it placed the whole political and economic power of the nation in their hands.

The business men learned, by first hand experience, the benefits that arise from united effort. They joined forces across the continent, and they found that it paid. James S. Alexander, President of the National Bank of Commerce (New York), tells the story from the standpoint of a banker (*Manchester Guardian*, January 28, 1920. Signed Article.) In a discussion of "the experience in coöperative action which the war has given American banks" he says, "The responsibility of floating the five great loans issued by the government, together with the work of financing a production of materials speeded up to meet war necessities, enforced a unity of action and coöperation which otherwise could hardly have been obtained in many years."

7. *Economic Winnings*

The war gains of the plutocracy in the field of public control were important, as well as spectacular. Behind them, however, were economic gains—little heralded, but of the most vital consequence to the future of plutocratic power.

The war speeded production and added greatly to the national income, to investable surplus, to profits and thus to the economic power of the plutocrats.

The most tangible measure of the economic advantage gained by the plutocracy from the war is contained in a report on "Corporate Earnings and Government Revenues" (Senate Document 259. 65th Congress, Second Session). This report shows the profits made by the various industries during 1917—the first war year.

The report contains 388 large pages on which are listed the profits ("percent of net income to capital stock in 1917") made by various concerns. A typical food producing industry—"meat packing"—lists 122 firms (p. 95 and 365). Of these firms 31 reported profits for the year of less than 25 percent; 45 reported profits of 25 but under 50 percent; 24 reported profits of 50 but under 100 percent, and 22 reported profits of 100 percent or more. In this case, a third of the profits were more than 25, but less than 50 percent, and half were 50 percent or over.

Manufacturers of cotton yarns reported profits ranging slightly higher than those in the meat packing industry (pp. 167, 168, 379). Among the 153 firms reporting, 21 reported profits of less than 25 percent; 61 reported 25 but less than 50 per cent; 55 reported 50 but under 100 percent, and 16 reported 100 percent or more.

Profits in the garment manufacturing industry were lower than those in yarn manufacturing. Among the 299 firms reporting (pp. 171, 380) 74 gave their profits as less than 25 percent; 121 gave their profits as 25 but under 50

percent; 65 gave profits of 50 but less than 100 percent, and 39 gave their profits as 100 percent or over.

The profits of 49 Steel plants and Rolling Mills (pp. 100, 365) were considerably higher than profits in any of the industries heretofore discussed. Four firms reported profits of less than 25 percent; 13 reported profits of 25 but less than 50 percent; 17 reported profits of 50 but less than 100 percent, and 15 reported profits of more than 100 percent. In this instance two-thirds of the firms show profits of 50 percent or over.

Bituminous Coal producers in the Appalachian field (340 in number, pp. 130 and 372) report a range of profits far higher than those secured in the manufacturing industries. Among these 340 firms, 23 reported profits of less than 25 percent; 45 reported profits of 25 but under 50 percent; 79 reported profits of 50 but under 100 percent; 135 reported profits of 100 but under 500 percent; 21 reported profits of 500 but under 1,000 percent, and 14 reported profits of 1,000 percent and over. In the case of these coal mine operators only a fourth had profits of under 50 percent and half had profits of more than 100 percent.

The profits in these five industries—food, yarn, clothing, steel and coal—are quite typical of the figures for the tens of thousands of other firms listed in Senate Document 259. Profits of less than 25 percent are the exception. Profits of over 100 percent were reported by 8 percent of the yarn manufacturers, by 13 percent of the garment manufacturers, by 18 percent of the meat packers, by 31 percent of the steel plants, and by 50 percent of the bituminous coal mines. A considerable number of profits ranged above 500 percent, or a gain in one year of five times the entire capital stock.

When it is remembered that these figures were supplied by the firms involved; that they were submitted to a tremendously overworked department, lacking the facilities for effective checking-up; and that they were submitted for the purposes of heavy taxation, the showing is nothing less than astounding.

8. *Winnings in the Home Field*

What has the American plutocracy won at home as a result of the war? In two words it has gained social prestige and internal (economic) solidarity. Both are vital as the foundation for future assertions of power.

The plutocracy has unified its hold upon the country as a result of the war. Also, it has won an important battle in its struggle with labor. The position held by the American plutocracy at the end of the Great War could hardly be stated more adequately than in a recent Confidential Information Service furnished by an important agency to American business men:

"Shall Victors Be Magnanimous?

"There is no doubt about it—Labor is beaten. Mr. Gompers was at his zenith in 1918. Since then he has steadily lost power. He has lost power with his own people because he is no longer able to deliver the goods. He can no longer deliver the goods for two reasons. For one thing, peace urgency has replaced war urgency and we are not willing to bid for peace labor as we were willing to bid for war labor. For another thing, the employing class is immensely more powerful than it was in 1914.

"We have an organized labor force more numerous than ever before. Relatively twice as many workers are organized as in 1916. But this same labor force has lost its hold on the public. Furthermore, it is divided in its own camp. It fears capital. It also fears its own factions. It threatens, but it does not dare.

"We said that the employing class was immensely more powerful than in 1914. There is more money at its command. Eighteen thousand new millionaires are the war's legacy. This money capacity is more thoroughly unified than ever. In 1914 we had thirty-thousand banks, functioning to a great degree in independence of each other. Then came the Federal Reserve Act and gave us the ma-

chinery for consolidation and the emergency of five years war furnished the hammer blows to weld the structure into one.

"The war taught the employing class the secret and the power of widespread propaganda. Imperial Europe had been aware of this power. It was new to the United States. Now, when we have anything to sell to the American people we know how to sell it. We have learned. We have the schools. We have the pulpit. The employing class owns the press. There is practically no important paper in the United States but is theirs!"

9. *The Run of the World*

The war gains of the American plutocracy at home were immense. Even more significant, from an imperial standpoint, were the international advantages that came to America with the war. The events of the two years between 1916 and 1918 gave the United States the run of the world.

Destiny seemed to be bent upon hurling the American people into a position of world authority. First, there was the matter of credit. The Allies were reaching the end of their economic rope when the United States entered the war. They were not bankrupt, but their credit was strained, their industries were disorganized, their sources of income were narrowed, and they were looking anxiously for some source from which they might draw the immense volume of goods and credit that were necessary for the continuance of the struggle.[3]

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[3] J. Maynard Keynes notes the "immense anxieties and impossible financial requirements" of the period between the Summer of 1916 and the Spring of 1917. The task would soon have become "entirely hopeless" but "from April, 1917" the problems were "of an entirely different order." "The Economic Consequences of the Peace." New York, Harcourt, Brace & Howe, 1920, p. 273.

The United States was that source of supply. During the years from 1915 to 1917, the industries of the United States were shifted gradually from a peace basis to a war basis. Quantities of material destined for use in the war were shipped to the Allies. The unusual profits made on much of this business were not curtailed by heavy war taxation. Thus for more than two years the basic industries of the United States reaped a harvest in profits which were actually free of taxation, at the same time that they placed themselves on a war basis for the supplying of Europe's war demand. When the United States did enter the war, she came with all of the economic advantages that had arisen from selling war material to the belligerents during two and a half years. Throughout those years, while the Allies were bleeding and borrowing and paying, the American plutocracy was growing rich.

When the United States entered the war, she entered it as an ally of powers that were economically winded. She herself was fresh. With the greatest estimated wealth of any of the warring countries, she had a public national debt of less than one half of one percent of her total wealth. She had larger quantities of liquid capital and a vast economic surplus. As a consequence, she held the purse strings and was able, during the next two years, to lend to the Allied nations nearly ten billion dollars without straining her resources to any appreciable degree.

The nations of Europe had been so deeply engrossed in war-making that they had been unable to provide themselves with the necessary food. All of the warring countries, with the exception of Russia, were importers of food in normal times. The disturbances incident to the war; the insatiable army demands, and the loss of shipping all had their effect in bringing the Allied countries to a point of critical food scarcity in the Winter of 1916-1917.

The United States was able to meet this food shortage as easily as it met the European credit shortage—and with no greater sacrifice on the part of the American people. Then, too, with the exception of small amounts of food

donated through relief organizations, the food that went to Europe was sold at fancy prices. The United States was therefore in a position to lay down the basic law,—"Submit or starve."

With the purse strings and the larder under American control, the temporary supremacy of the United States was assured. She was the one important nation (beside Japan) that had lost little and gained much during the war. She was the only great nation with a surplus of credit, of raw materials and of food.

The prosperity incident to this period is reflected in the record of American exports, which rose from an average of about two billions in the years immediately preceding the war to more than six billions in 1917. In the same year the imports were just under three billions, leaving a trade balance—that is, a debt owing by foreign countries to the United States—of more than three billions for that one year.

10. *Victory*

The war had been in progress for nearly three years before the United States took her stand on the side of the Allies. At that time the flower of Europe's manhood had faced, for three winters, a fearful pressure of hardship and exposure, while millions among the non-combatants had suffered, starved, sickened and died. The nerves of Europe were worn and the belly of Europe was empty when the American soldiers entered the trenches. They were never compelled to bear the brunt of the conflict. They arrived when the Central Empires were sagging. Their mere presence was the token of victory.

For the first time in history the Americans were matched against the peoples of the old world on the home ground of the old world, and under circumstances that were enormously favorable to the Americans. European capitalism had weakened itself irreparably. The United States

entered the war at a juncture that enabled her to take the palm after she had already taken billions of profit without risk or loss. The gain to the United States was immense, beyond the possibility of present estimate. The rulers of the United States became, for the time being, at least, the economic dictators of the world.

The Great War brought noteworthy advantages to the American plutocracy. At home its power was clinched. Among the nations, the United States was elevated by the war into a position of commanding importance. In a superficial sense, at least, the Great War "made" the plutocracy at home and "made" the United States among the nations.

XII. THE IMPERIAL HIGHROAD

1. *A Youthful Traveler*

Along the highroad that leads to empire moves the American people, in the heyday of its youth, sturdy, vigorous, energy-filled, replete with power and promise—conquerors who have swept aside the Indians, enslaved a race of black men, subdued a continent, and begun the extension of territorial control beyond their own borders. More than a hundred million Americans—fast losing their standards of individualism—fast slipping under the domination of a new-made ruling class of wealth-lords and plutocrats—journey, not discontentedly, along the imperial highroad.

The preliminary work of empire-building has been accomplished—territory has been conquered; peoples have been subjected and a ruling class organized. The policy of imperialism has been accepted by the people, although they have not thought seriously of its consequences. They have set out, in good faith, as they believe, to seek for life, liberty and happiness. They do not yet realize that, along the road that they are now traveling, the journey will not be ended until they have worn themselves threadbare in their efforts to conquer the earth.

The American people,—lacking in political experience and in world wisdom; ignorant of the laws of economic and social change,—have committed themselves, unwittingly, to the world old task of setting up authority over those who have no desire to accept it, and of exacting tribute from those who do not wish to pay it.

The early stages of the journey led across a continent. The American people followed it eagerly. Now that the trail leads to other continents they are still willing to go.

"Manifest destiny" is the cry of the leaders. "We are called," echo the followers, and the nation moves onward.

There was some hesitancy among the American people during the Spanish War. Even the leaders were not ready then. Now the leaders are prepared—for markets, for trade, for investments. They are indifferent to political conquest, but economically they are prepared to go on—into Latin America; into Asia; into Europe. The war taught them the lesson and gave them an inkling of their power. So they move along the imperial highroad—followed by a people who have not yet learned to chant the songs of victory—but who are destined, at no very distant date, to learn victory's lessons and to pay victory's price. Along the path,—far away in the distance they see the earth like a ball, rolling at their feet. It is theirs if they will but reach out their hands to grasp it!

2. *An Imperial People*

This is the American people—locked in the arms of mighty economic and social forces; building industrial empires; compelled, by a world war, to reach out and save "civilization,"—capitalist civilization,—a people that, by its very ancestry, seems destined to follow the course of empire.

The sons and daughters of the native born American stock are, in the main, the descendants of the conquering, imperial races of the modern world. During recent times, three great empires—Spain, France and Great Britain—have dominated western civilization. It was these three empires that were responsible for the settlement of America. The past generation has seen the German empire rise to a position that has enabled her to shake the security of the world. The Germans were among the earliest and most numerous settlers of the American colonies. Those who boast colonial ancestry boast the ancestry of conquerors. The Anglo-Saxon-Teutonic races, the titular masters of the

modern world; the races that have spread their power wherever ships sail or trade moves or gain offers, furnished the bulk of the early immigrants to America.

The bulk of the early immigration to the United States was from Great Britain and Germany. The records of immigration (kept officially since 1820) show that between that year and 1840 the immigrants from Europe numbered 594,504, among them there were 358,994 (over half) from the British Isles, and 159,215 from Germany, making a total from the two countries of 518,209, or 87 percent of the immigrants arriving in the twenty-year period. During the next twenty years (1840-1860) the total of immigrants from Europe was 4,050,159, of which the British Isles furnished 2,386,846 (over half) and Germany 1,386,293, making, for these two countries, 94 percent of the whole immigration. Even during the years from 1860 to 1880, 82 percent of those who migrated to the United States hailed from Great Britain and Germany. American immigration, from 1820 to 1880, might, without any violence to facts, be described as Anglo-Teutonic, so completely does the British-German immigrant dominate this period.

Literally, it is true that the American people have been sired by the masters and would-be masters of the modern earth.

3. *A Place in the Sun*

The Americans, like many another growing people, have sought a place in the sun—widening their boundaries; grasping at promised riches. Unlike other peoples they have accomplished the task without any real opposition. Their "promised land" lay all about them, isolated from the factional warfare of Europe; virgin; awaiting the master of the Western World.

The United States has followed the path of empire with a facility unexampled in recent history. When has a people, caught in the net of imperialism, encountered less difficulty

in making its imperial dream come true? None of the foes that the American people have encountered, in two centuries of expansion, have been worthy of the name. The Indians were in no position to withstand the onslaught of the Whites. The Mexicans were even less competent to defend themselves. The Spanish Empire crumpled, under attack, like an autumn leaf under the heel of a hunter. Practically for the taking, the American people secured a richly-stocked, compact region, with an area of three millions of square miles—the ideal site for the foundation of a modern civilization.

The area of the United States has increased with marvelous rapidity. At the outbreak of the Revolution (1776) the Colonies claimed a territory of 369,000 square miles. The Northwest Territory (275,000 square miles) and the area south of the Ohio River (205,000 square miles) were added largely as a result of the negotiations in 1782. The official figures for 1800 give the total area of the United States as 892,135 square miles. The Louisiana Purchase (1803) added 885,000 square miles at a cost of 15 millions of dollars. Florida, 59,600 square miles, was purchased from Spain (1819) for 5 millions of dollars; Texas, 389,000 square miles was annexed in 1845; the Oregon Country, 285,000 square miles, was secured by treaty in 1846; New Mexico and California, 529,000 square miles, were ceded by Spain (1848) and a payment of 15 millions was made by the United States; in 1853 the Gadsen Purchase added 30,000 square miles at a cost of ten millions of dollars. This completed the territorial possessions of the United States on the mainland (with the exception of Alaska) making a continental area of 3,026,798 square miles. Between 1776 and 1853 the area of the United States was increased more than eight fold. What other nation has been in a position to multiply its home territory by eight in two generations?

These vast additions to the continental possessions of the United States were made as the result of a trifling outlay. The most serious losses were involved in the Mexican War when the casualties included more than 13,000 killed and

died of wounds and disease. The net money cost of the war did not exceed $100,000,000. In return for this outlay —including the annexation of Texas—the United States secured 918,000 square miles of land.[1]

There is no way to estimate the loss of life or the money cost of the Indian Wars. For the most part, the troops engaged in them suffered no more heavily than in ordinary police duty, and the costs were the costs of maintaining the regular army. The total money outlay for purchases and indemnities was about 45 millions of dollars. Within a century the American people gained possession of one of the richest portions of the earth's surfaces—a portion equal in area to more than three times the combined acreage of Belgium, France, Germany, Italy, Japan and the British Isles [2]—in return for an outlay in money and life that would not have provided for one first class battle of the Great War.

Additions to the territory of the country were made with equal facility during the period following the Civil War. Alaska was purchased from Russia for $7,200,000; from Spain, as a result of the War of 1898, the United States received the Philippines, Porto Rico, and some lesser islands, at the same time paying Spain $20,000,000; Hawaii was annexed and an indemnity of $10,000,000 was paid to Panama for the Canal strip. During the second half of the nineteenth century, 716,666 square miles were added to the possessions of the United States. The total direct cost of this territory in money was under forty millions. These gains involved no casualties with the exception of the small numbers lost during the Spanish-American and Philippine Wars.

One hundred and thirty years have witnessed an addition to the United States of more than two and a half million square miles of contiguous, continental territory, and

[1] "New American History," A. B. Hart. American Book Co., 1917, p. 348.

[2] The total area of these countries, exclusive of their colonies, is 807,123 square miles.

three-quarters of a million square miles of non-contiguous territory. The area of the United States in 1900 was four times as great as it was in 1800 and more than ten times as great as the area of the Thirteen Original Colonies. For the imperialist, the last century and a half of American history is a fairyland come true.

Other empires have been won by the hardest kind of fighting, during which blood and wealth have been spent with a lavish hand. The empire of the French, finally crushed with the defeat of Napoleon, was paid for at such a huge price. The British Empire has been established in savage competition with Holland, Spain, France, Russia, the United States, Germany and a host of lesser powers. The empires of old—Assyria, Egypt, Rome—were built at an intolerable sacrifice. So terrible has been the cost of empire building to some of these nations that by the time they had succeeded in creating an empire the life blood of the people and the resources of the country were devoured and the empire emerged, only to fall an easy prey to the first strong-handed enemy that it encountered.

No such fate has overtaken the United States. On the contrary her path has been smoothed before her feet. Inhabiting a garden spot, her immense territory gains in the past hundred and fifty years have been made with less effort than it has cost Japan to gain and hold Korea or England to maintain her dominion over Ireland.

Once established, the old-world empire was not secure. If the territory that it possessed was worth having, it was surrounded by hungry-eyed nations that took the first occasion to band together and despoil the spoiler. The holding of an empire was as great a task as the building of empire—often greater because of the larger outlay in men and money that was involved in an incessant warfare. Little by little the glory faded; step by step militarism made its inroads upon the normal life of the people, until the time came for the stronger rival to overthrow the mighty one, or until the inrushing hordes of barbarians should blot

out the features of civilization, and enthrone chaos once more.

How different has been the fate of the people of the United States! Possessed of what is probably the richest, for the purposes of the present civilization, of any territory of equal size in the world, their isolation has allowed them more than a century of practical freedom from outside interference—a century that they have been able to devote to internal development. The absence of greedy neighbors has reduced the expense of military preparation to a minimum; the old world has failed to realize, until within the last few years, what were the possibilities of the new country; vitality has remained unimpaired, wealth has piled up, industry has been promoted, and on each occasion when a greater extent of territory was required, it has been obtained at a cost that, compared with the experience of other nations, must be described as negligible.

So simple has been the process of empire building for the United States; so natural have been the stages by which the American Empire has been evolved; so little have the changes disturbed the routine of normal life that the American people are, for the most part, unaware of the imperial position of their country. They still feel, think and talk as if the United States were a tiny corner, fenced off from the rest of the world to which it owed nothing and from which it expected nothing.

The American Empire has been built, as were the palaces of Aladdin, in a night. The morning is dawning, and the early risers who were not even awakened from their slumbers by the sound of hammer and engine, are beginning to rub their eyes, and to ask one another what is the meaning of this apparition, and whether it is real.

4. *The Will to Power*

The forces of America are the forces of Empire,—the geography, the economic organization, the racial qualities—all press in the direction of imperialism. There is logic

behind the two centuries of conquest in which the American people have been engaged; there is logic in the rise of the plutocracy. Now it remains for the rulers of America to accept the implications of imperialism,—to thrill with the will to power; to recognize and strengthen imperial purpose; to sell imperialism to the American people—in other words to follow the call of manifest destiny and conquer the earth.

The will to power is very old and very strong. Economic and social necessity on the one hand, and the driving pressure of human ambition and the love of domination on the other, have given it a front place in human affairs. The empires of the past were driven into being by this ardent force. As far back as history bears a record, one nation or tribe has made war on its more fortunately situated neighbor; one leader has made cause against his fellow ruler. The Egyptians and Carthaginians have conquered in Africa; the Persians, Assyrians and Babylonians conquered in Asia; the Macedonians, Greeks, Romans, Spanish, Dutch, French, and British built their empires on one or more of the five continents. Conqueror has succeeded conqueror, empire has followed empire. Spoils, domination, world power, have been the objects of their campaigns.

Each great nation grew from small beginnings. Each arose from some simple form of tribal or clan organization—more or less democratic in its structure; containing within itself a unified life and a simple folk philosophy.

From such plain beginnings empires have developed. The peasants, tending their fertile gardens along the borders of the Nile; the vine dressers of Italy, the husbandmen and craftsmen of France and the yeomen of Merry England had no desire to subjugate the world. If tradition speaks truth, they were slow to take upon themselves anything more than the defense of their own hearthstones. It was not until the traders sailed across the seas; not until stories were brought to them of the vast spoil to be had, without work, in other lands, that the peasants and craftsmen consented to undertake the task of conquest, subjugation and empire building.

The plain people do not feel the will to power. They know only the necessities of self-defense. It is in the ambitions of the leisure classes that the demands of conquest have their origin. It is among them that men dream of world empire.[3]

The plain people of the United States have no will to power at the present time. They are only asking to be let alone, in order that they may go their several ways in peace. They are babes in the world of international politics. For generations they have been separated by a great gulf of indifference from the remainder of the human race, and they crave the continuance of this isolation because it gives them a chance to engage, unmolested, in the ordinary pursuits of life.

The American people are not imperialists. They are proud of their country, jealous of her honor, willing to make sacrifices for their dear ones. They are to-day where the plain folk of Egypt, Rome, France and England were before the will to power gripped the ruling classes of those countries.

Far different is the position of the American plutocracy. As a ruling class the plutocracy feels the necessity of preserving and enlarging its privileges. Recently called into a position of leadership, untrained and in a sense unprepared, it nevertheless understands that its claim to consideration depends upon its ability to do what the ruling classes of Egypt, Rome, France and England have done—to build an empire.

Almost unconsciously, out of the necessities of the period, has come the structure of the American Empire. In essence it is an empire, although the plain people do not know it, and even the members of the plutocracy are in many instances unaware of its true character. Yet here, in a land dedicated to liberty and settled by men and women who sought to escape from the savage struggles of empire-

[3] See "Theory of the Leisure Class," Thorstein Veblen. New York, Huebsch, 1918, Ch. 10.

ridden Europe, the foundations and the superstructure of empire appear.

1. The people of the United States have conquered and now hold possession of approximately three million square miles of continental territory that has been won by armed force from Great Britain, Mexico, Spain, and the American Indians. (The entire area of Europe is only 3,800,000 square miles.)

2. The people of the United States have conquered and now hold under their sway subject people who have enjoyed no opportunity for self-determination. A whole race—the African Negroes—was captured in its native land, transported to America and there sold into slavery. The inhabitants of the Philippine Islands were conquered by the armed forces of the United States and still are subject people.

3. The United States had developed a plutocracy—a property holding class, that is, to all intents and purposes, the imperialist class—controlling and directing public policy.

4. This plutocratic class is exploiting continental United States and its dependencies. After years of savage internal strife, it has developed a high degree of class consciousness, and led by its bankers, it is taking the fat of the land. The plutocrats, who have made the country their United States, are at the present moment busy disposing of their surplus in foreign countries. As they build their industrial empires, they broaden and deepen their power.

Thus is the round of imperialism complete. Here are the conquered territory, subject people, an imperial ruling class, and the exploitation, by this class, of the lands and peoples that come within the scope of their power. These are the attributes of empire—the characteristics that have appeared, in one form or another, through the great empires of the past and of the present day. Differing in their forms, they remain similar in the principles that they represent. They are imperialism.

5. *Imperial Purpose*

The building of international industrial empires by the progressive business men of the United States lays the foundation for whatever political imperialism is necessary to protect markets, trade and investment. Gathering floods of economic surplus are the driving forces which are guided by ambition and love of gain and power.

The United States emerged from the Great War in a position of unquestioned economic supremacy. With vast stores of all the necessary resources, amply equipped with capital, the country has entered the field as the most dangerous rival that the other capitalist nations must face. Possessed of everything, including the means of providing a navy of any reasonable size and an army of any necessary number, the United States looms as the dominating economic factor in the capitalist world.

Imperial policy is frequently bold, rough and at times frankly brutal and unjust. Where subject peoples and weaker neighbors submit to the dictates of the ruling power there is no friction. But where the subject peoples or smaller states attempt to assert their rights of self-determination or of independence, the empire acts as Great Britain has acted in Ireland and in India; as Italy and France have acted in Africa; as Japan has acted in Korea; as the United States has acted in the Philippines, in Hayti, in Nicaragua, and in Mexico.

Plain men do not like these things. Animated by the belief in popular rights which is so prevalent among the western peoples, the masses resent imperial atrocities. Therefore it becomes necessary to surround imperial action with such an atmosphere as will convince the man on the street that the acts are necessary or else that they are inevitable.

When the Church and the State stood together the Czar and the Kaiser spoke for God as well as for the financial interests. There was thus a double sanction—imperial ne-

cessity coupled with divine authority. Those who were not willing to accept the necessity felt enough reverence for the authority to bow their heads in submission to whatever policy the masters of empire might inaugurate.

The course of empire upon which the United States has embarked involves a complete departure from all of the most cherished traditions of the American people. Economic, political and social theories must all be thrust aside. Liberty, equality and fraternity must all be forgotten and in their places must be erected new standards of imperial purpose that are acceptable to the economic and political masters of present day American life.

The American people have been taught the language of liberty. They believe in freedom for self-determination. Their own government was born as a protest against imperial tyranny and they glory in its origin and speak proudly of its revolutionary background. Americans are still individualists. Their lives and thoughts both have been provincial—perhaps somewhat narrow. They profess the doctrine "Live and let live" and in a large measure they are willing and anxious to practice it.

How is it possible to harmonize the Declaration of Independence with the subjugation of peoples and the conquest of territory? If governments "derive their just powers from the consent of the governed," and if it is the right of a people to alter or to abolish any government which does not insure their safety and happiness, then manifestly subjugation and conquest are impossible.

The letter and the spirit of the Declaration of Independence contradict the letter and spirit of imperial purpose word for word and line for line. There can be no harmony between these two theories of social life.

5. *Advertising Imperialism*

Since the tradition of the people of the United States and the necessities of imperialism are so utterly at variance, it becomes necessary to convince the American people that

they should abandon their traditions and accept a new order of society, under which the will to power shall be substituted for liberty and fraternity. The ruling class of imperial Germany did this frankly and in so many words. The English speaking world is more adroit.

The first step in the campaign to advertise and justify imperialism is the teaching of a blind my-country-right-or-wrong patriotism. In the days preceding the war the idea was expressed in the phrase, "Stand behind the President." The object of this teaching is to instill in the minds of the people, and particularly of the young, the principles of "Deutschland über alles," which, in translation, means "America first." There are more than twenty million children in the public schools of the United States who are receiving daily lessons in this first principle of popular support for imperial policy.

Having taken this first step and made the state supreme over the individual will and conscience, the imperial class makes its next move—for "national defense." The country is made to appear in constant danger from attack. Men are urged to protect their homes and their families. They are persuaded that the white dove of peace cannot rest securely on anything less than a great navy and army large enough to hold off aggressors. The same forces that are most eager to preach patriotism are the most anxious about national preparedness.

Meanwhile the plain people are taught to regard themselves and their civilization as superior to anything else on earth. Those who have a different language or a different color are referred to as "inferior peoples." The people of Panama cannot dig a canal, the people of Cuba cannot drive out yellow fever, the people of the Philippines cannot run a successful educational system, but the people of the United States can do all of these things,—therefore they are justified in interferring in the internal affairs of Panama, Cuba and the Philippines. When there is a threat of trouble with Mexico, the papers refer to "cleaning up Mexico" very much as a mother might refer to cleaning up a dirty child.

Patriotism, preparedness and a sense of general superiority lead to that type of international snobbery that says, "Our flag is on the seven seas"; or "The sun never sets on our possessions"; or "Our navy can lick anything on earth." The preliminary work of "Education" has now been done; the way has been prepared.

One more step must be taken, and the process of imperializing public opinion is complete. The people are told that the imperialism to which they have been called is the work of "manifest destiny."

7. *Manifest Destiny*

The argument of "manifest destiny" is employed by the strong as a blanket justification for acts of aggression against the weak. Each time that the United States has come face to face with the necessity of adding to its territory at the expense of some weak neighbor, the advocates of expansion have plied this argument with vigor and with uniform success.

The American nation began its work of territorial expansion with the purchase of Louisiana. Jefferson, who had been elected on a platform of strict construction of the Constitution, hesitated at an act which he regarded as "beyond the Constitution." (Jefferson's "Works," Vol. IV, p. 198.) Quite different was the language of his more imperialistic contemporaries. Gouverneur Morris said, "France will not sell this territory. If we want it, we must adopt the Spartan policy and obtain it by steel, not by gold."[4] During February, 1803, the United States Senate debated the closing of the Mississippi to American commerce. "To the free navigation of the Mississippi we had an undoubted right from nature and from the position of the Western country,"[5] said Senator Ross (Pennsylvania)

[4] "A History of Missouri," Louis Houck. Chicago, R. R. Donnelly & Sons, 1908, vol. II, p. 346.

[5] "History of Louisiana," Charles Gayarre. New Orleans, Hansell & Bros., Ltd., 1903, vol. III, p. 478.

on February 14. On February 23rd Senator White (Delaware) went a step farther: "You had as well pretend to dam up the mouth of the Mississippi, and say to the restless waves, 'Ye shall cease here, and never mingle with the ocean,' as to expect they (the settlers) will be prevented from descending it."[6] On the same day (February 23rd) Senator Jackson (Georgia) said: "God and nature have destined New Orleans and the Floridas to belong to this great and rising Empire."[7]

God, nature and the requirements of American commerce were the arguments used to justify the purchase, or if necessary, the seizure of New Orleans. The precedent has been followed and the same arguments presented all through the century that followed the momentous decision to extend the territory of the United States.

Some reference has been made to the Mexican War and the argument that the Southwest was a "natural" part of the territory of the United States. The same argument was made in regard to Cuba and by the same spokesmen of the slave-power. Stephen A. Douglas (New Orleans, December 13, 1858) was asked:

"How about Cuba?"

"It is our destiny to have Cuba," he answered, "and you can't prevent it if you try."[8]

On another occasion (New York, December, 1858) Douglas stated the matter even more broadly:

"This is a young, vigorous and growing nation and must obey the law of increase, must multiply and as fast as we multiply we must expand. You can't resist the law if you try. He is foolish who puts himself in the way of American destiny."[9]

President McKinley stated that the Philippines, like Cuba and Porto Rico, "were intrusted to our hands by the

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[6] Ibid., p. 485.
[7] Ibid., p. 486.
[8] McMaster's "History of the American People." Vol. VIII, p. 339.
[9] Ibid., p. 339.

Providence of God'' (Boston, February 16, 1899), and one of his fellow imperialists—Senator Beveridge of Indiana—carried the argument one step farther (January 9, 1900) when he said in the Senate (*Congressional Record*, January 9, 1900, p. 704): ''The Philippines are ours forever. . . . And just beyond the Philippines are China's illimitable markets. We will not retreat from either. We will not repudiate our duty to the archipelago. We will not abandon our opportunity in the Orient. We will not renounce our part in the mission of our race, trustee, under God, of the civilization of the world.''

Manifest destiny is now urged to justify further acts of aggression by the United States against her weaker neighbors. *The Chicago Tribune*, discussing the Panama Canal and its implications, says editorially (May 5, 1916): ''The Panama Canal has gone a long way towards making our shore continuous and the intervals must and will be filled up; not necessarily by conquest or even formal annexation, but by a decisive control in one form or another.''

Here the argument of manifest destiny is backed by the argument of ''military necessity,''—the argument that led Great Britain to possess herself of Gibraltar, Suez and a score of other strategic points all round the earth, and to maintain, at a ruinous cost, a huge navy; the argument that led Napoleon across Europe in his march of bloody, fatal triumph; the argument that led Germany through Belgium in 1914—one of the weakest and yet one of the most seductive and compelling arguments that falls from the tongue of man. Because we have a western and an eastern front, we must have the Panama Canal. Because we have the Panama Canal, we must dominate Central America. The next step is equally plain; because we dominate Central America and the Panama Canal, there must be a land route straight through to the Canal. In the present state of Mexican unrest, that is impossible, and therefore we must dominate Mexico.

The argument was stated with persuasive power by ex-Senator Albert J. Beveridge (*Collier's Weekly*, May 19,

1917). "Thus in halting fashion but nevertheless surely, the chain of power and influence is being forged about the Gulf. To neglect Mexico is to throw away not only one link but a large part of that chain without which the value and usefulness of the remainder are greatly diminished if indeed not rendered negligible." By a similar train of logic, the entire American continent, from Cape Horn to Bering Sea can and will be bronght under the dominion of the United States.

Some destiny must call, some imperative necessity must beckon, some divine authority must be invoked. The campaign for "100 percent Americanism," carefully thought out, generously financed and carried to every nook and corner of the United States aims to prove this necessity. The war waged by the Department of Justice and by other public officers against the "Reds" is intended to arouse in the American people a sense of the present danger of impending calamity. The divine sanction was expressed by President Wilson in his address to the Senate on July 10, 1919. The President discussed the Peace Treaty in some of its aspects and then said, "It is thus that a new responsibility has come to this great nation that we honor and that we would all wish to lift to yet higher service and achievement. The stage is set, the destiny disclosed. It has come about by no plan of our conceiving but by the hand of God who has led us into this war. We cannot turn back. We can only go forward, with lifted and freshened spirit to follow the vision."

8. *The Open Road*

The American people took a long step forward on November 2, 1920. The era of modern imperialism, begun in 1896 by the election of McKinley, found its expression in the annexation of Hawaii; the conquest of Cuba and the Philippines; the seizure of Panama, and a rapid commerical and financial expansion into Latin America. In 1912 the Republicans were divided. The more conservative elements backed Taft for reëlection. The more aggressive group

(notably United States Steel) supported Roosevelt. Between them they divided the Republican strength, and while they polled a total vote of 7,604,463 as compared with Wilson's 6,293,910, the Republican split enabled Wilson to secure a plurality of 2,173,512, although he had less than half of the total vote.

President Wilson entered office with the ideals of "The New Freedom." He was out to back the "man on the make," the small tradesman and manufacturer; the small farmer; the worker, ambitious to rise into the ranks of business or professional life. With the support, primarily, of little business, Wilson managed to hold his own for four years, and at the 1916 election to poll a plurality, over the Republican Party, of more than half a million votes. He won, however, primarily because "he kept us out of war." April, 1917, deprived him of that argument. His "New Freedom" doctrines, translated into international politics (in the Fourteen Points) were roughly handled in Paris. The country rejected his leadership in the decisive Congressional elections of 1918, and he and his party went out of power in the avalanche of 1920, when Harding received a plurality nearly three times as great as the highest one ever before given a presidential candidate (Roosevelt, in 1904). Every state north of the Mason and Dixon Line went Republican. Tennessee left the Solid South and joined the same party. The Democrats carried only eleven states—the traditional Democratic stronghold.

The victory of Harding is a victory for organized, imperial, American business. The "man on the make" is brushed aside. In his place stands banker, manufacturer and trader, ready to carry American money and American products into Latin America and Asia.

Before the United States lies the open road of imperialism. Manifest destiny points the way in gestures that cannot be mistaken. Capitalist society in the United States has evolved to a place where it must make certain pressing demands upon neighboring communities. Surplus is to be invested; investments are to be protected, American author-

ity is to be respected. All of these necessities imply the exercise of imperial power by the government of the United States.

Capitalism makes these demands upon the rulers of capitalist society. There is no gainsaying them. A refusal to comply with them means death.

Therefore the American nation, under the urge of economic necessity; guided half-intelligently, half-instinctively by the plutocracy, is moving along the imperial highroad, and woe to the man that steps across the path that leads to their fulfillment. He who seeks to thwart imperial destiny will be branded as traitor to his country and as blasphemer against God.

XIII. THE UNITED STATES AS A WORLD COMPETITOR

1. *A New World Power*

YOUNGEST among the great nations, the United States holds a position of immense world power. Measured in years and compared with her sister nations in Europe and Asia, she is a babe. Measured in economic strength she is a burly giant. Young America is, but mighty with a vast economic strength.

An inexorable destiny seems to be forcing the United States into a position of international importance. Up to the time of the Spanish War, she played only a minor part in the affairs of the world. The Spanish War was the turning point—the United States as a borrowing nation gave way then, to the United States as an investing nation. Economic forces compelled the masters of economic life to look outside of the country for some of their business opportunities.

Since the Civil War the United States has been preparing herself for her part in world affairs. During the thirty years that elapsed between 1870 and 1900 she emerged from a position of comparative economic inferiority to take a position of notable economic importance. Between the years 1870 and 1900 the population of the United States increased 97 per cent. During the same period the annual production of wheat increased from 236 million bushels to 522 million bushels; the annual production of corn from 1,094 to 2,105 million bushels; the annual production of cotton from 4,352 to 10,102 thousand bales; the annual production of coal from 29 to 241 million tons; the annual production of petroleum from 221 to 2,672 million gallons; the annual production of pig iron from 1,665 to 13,789 thousand tons; the annual production of steel from 68 to

10,188 thousand tons; the annual production of copper from 12 to 271 thousand tons, and the production of cement (there is no record for 1870) rose from two million barrels in 1880 to 17 million barrels in 1900. Thus while the production of food more than kept pace with the increase of population, the production of those commodities upon which the new industry depends—coal, petroleum, iron, steel, copper and cement—increased many times more rapidly than the population. During one brief generation the United States, with almost unbelievable rapidity, forged ahead in the essentials for supremacy in the new world of industry.

By the time of the Spanish War (1898) American industries had found their stride. During the next fourteen years they were overtaking their European competitors in seven league boots. Between 1900 and 1914 while the population of the United States increased by 30 per cent,—

Wheat production increased.....	70	per cent
Corn production increased.....	27	" "
Cotton production increased.....	58	" "
Coal production increased.....	90	" "
Petroleum production increased..	317	" "
Pig Iron production increased...	69	" "
Steel production increased.....	131	" "
Copper production increased....	89	" "
Cement production increased....	406	" "

The United States was rushing toward a position of economic world power before the catastrophe of 1914 hurled her to the front, first as a producer (at immense profits) for the Allies, and later as the financier of the final stages of the War.

The economic position that is now held by the United States among the great competing nations of the world can be in some measure suggested—it cannot be adequately stated—by a comparison of the economic position of the United States and some of the other leading world empires.

Neither the geographical area of the United States nor the numerical importance of its people justifies its present world position. The country, with 8 per cent of the area and 6 per cent of the population of the world, looms large in the world's economic affairs,—how large will appear from an examination of certain features that are considered essential to economic success, such as resources, capital, products, shipping, and national wealth and income.

2. *The Resources of the United States*

The most important resource of any country is the fertile, agricultural land. Figures given in the Department of Agriculture Year Book for 1918 (Table 319) show the amount of productive land,—including, beside cultivated land, natural meadows, pastures, forests, woodlots, etc., of the various countries according to pre-war boundary lines. The total of such productive land for the 36 leading countries of the world was 4,591.7 million acres. Russia, including Siberia, had almost a third of this total (1,414.7 million acres). The United States came second with 878.8 million acres, or 19 per cent of the total available productive land. Third in the list was Argentine with 537.8 million acres. British India came fourth with 465.7 million acres. Then there followed in order Austria-Hungary, Germany, France, Australia, Spain and Japan. Austria-Hungary, Germany and France combined had almost exactly four hundred million acres of productive land or less than half the productive area of the United States.

The United States, in the area of productive land, is second only to Russia. In the area of land actually under cultivation, however, it stands first, with Russia a close second and British India a close third,—the amounts of cultivated land in each of these countries being 293.8 million acres, 279.6 million acres, and 264.9 million acres respectively. These three countries together contain 64 per cent of the 1,313.8 million acres of cultivated land of the world. The United States alone contains 22 per cent of the total cultivated land.

The total forest acreage available for commercial purposes is greatest in Russia (728.4 million acres). The United States stands second with 400 million acres and Canada third with 341 million acres. The Chief of Forest Investigations of the United States Department of Agriculture (Letter of Oct. 11, 1919) places the total forest acreage of both Brazil and Canada ahead of the United States. In the case of Brazil no figures are available showing what portion of the 988 million acres of total area is commercially available. Canada with a total forest acreage of 800 million acres has less timber commercially available than the United States with a total forest area of 500 million acres.

The iron ore reserves of the world are estimated at 91,000 million tons ("Iron Ores," Edwin C. Eckel. McGraw Hill Book Co., 1914, pp. 392-3). Of this amount 51,000 millions are placed in Asia and Africa; 12,000 million tons in Europe, and 14,800 million tons in North America. The United States alone is credited with 4,260 million tons or about 5 per cent of the world's supply. The United States Geological Survey (*Bulletin* 666v) estimates the supply of the United States at 7,550 million tons; the supply in Newfoundland, Mexico and Cuba as 7,000 million tons, and that in South America as 8,000 million tons as against 12,000 million tons for Europe. This estimate would give the United States alone 8 per cent of the iron ore of the world. It would give North America 15 per cent and the Western Hemisphere 25 per cent, as against 15 per cent for Europe.

Iron ore furnishes the material out of which industrial civilization is constructed. Until recently the source of industrial power has been coal. Even to-day petroleum and water play a relatively unimportant rôle. Coal still holds the field.

The United States alone contains 3,838,657 million tons—more than half of the total coal reserves of the world. ("Coal Resources of the World." Compiled by the Executive Committee, International Geological Congress, 1913, Vol. I, p. XVIII ff.) North America is credited with

5,073,431 million tons or over two-thirds of the world's total coal reserves (7,397,553 millions of tons). The coal reserve of Europe is 784,190 million tons or about one-fifth of the coal reserves of the United States alone.

Figures showing the amount of productive land and of timber may be verified. Those dealing with iron ore and coal in the ground are mere estimates and should be treated as such. At the same time they give a rough idea of the economic situation. Of all the essential resources,—land, timber, iron, copper, coal, petroleum and water-power,—the United States has large supplies. As compared with Europe, her supply of most of them is enormous. No other single country (the British Empire is not a single country) that is now competing for the supremacy of the world can compare with the United States in this regard, and if North America be taken as the unit of discussion, its preponderance is enormous.

3. *The Capital of the United States*

The United States apparently enjoys a large superiority over any single country in its reserves of some of the most essential resources. The same thing is true of productive machinery.

Figures showing the actual quantities of capital are available in only a small number of cases. Estimates of capital value in terms of money are useless. It is only the figures which show numbers of machines that really give a basis for judging actual differences.

Live stock on farms, the chief form of agricultural capital, is reported for the various countries in the Year Book of the United States Department of Agriculture. The United States (1916) heads the list with 61.9 million cattle; 67.8 million hogs; 48.6 million sheep and goats, and 25.8 million horses and mules,—204 million farm animals in all. The Russian Empire (including Russia in Asia) is second (1914) with 52.0 million cattle; 15.0 hogs; 72.0 million sheep

and goats, and 34.9 horses and mules,—174 million farm animals in all. British India (1914) reports more cattle than any other country (140.5 million); she is also second in the number of sheep and goats with 64.7 millions, but she has no hogs and 1.9 million horses. Argentina (1914) reports 29.5 million cattle; 2.9 million sheep and goats; and 8.9 million horses and mules. The number of animals on European farms outside of Russia is comparatively small. Germany (1914), United Kingdom (1916), Austria-Hungary (1913), and France (1916) reported 61.8 million cattle, 46.6 million hogs, 60.8 million sheep and goats, and 11.5 million horses and mules, making a total of 180.7 million farm animals. These four countries with a population of about 206 million persons, had less live stock than the United States with its population (1916) of about 100 millions.

It would be interesting to compare the amount of farm machinery and farm equipment of the United States with that of other countries. Unfortunately no such figures are available.

The figures showing transportation capital are fairly complete. (*Statistical Abstr.* 1918, pp. 844-5.) The total railroad mileage of the world is 729,845. More than one-third of this mileage (266,381 miles) is in the United States. Russia (1916) comes second with 48,950 miles; Germany (1914) third, with 38,600 miles and Canada (1916) fourth with 37,437 miles.

The world's total mileage of telegraph wire (Ibid.) is 5,816,219, of which the United States has more than a fourth (1,627,342 miles). Russia (1916) is second with 537,208 miles; Germany (1914) is third with 475,551 miles; and France fourth with 452,192 miles.

The Bureau of Railway Economics has published a compilation on "Comparative Railway Statistics" (*Bulletin 100*, Washington, 1916) from which it appears that the United States is far ahead of any other country in its railroad equipment. The total number of locomotives in the United States was 64,760; in Germany 29,520; in United

Kingdom 24,718; in Russia (1910) 19,984; and in France 13,828. No other country in the world had as many as ten thousand locomotives. If these figures also showed the locomotive tonnage as well as the number, the lead of the United States would be even more decided as the European locomotives are generally smaller than those used in the United States. This fact is clearly brought out by the figures from the same bulletin showing freight car tonnage (total carrying capacity of all cars). For the United States the tonnage was (1913) 86,978,145. The tonnage of Germany was 10.7 million; of France 5.0 millions; of Austria-Hungary 3.8 millions. The figures for the United Kingdom were not available.

The United States also takes the lead in postal equipment. (*Stat. Abstr.*, 1918, pp. 844-5.) There are 324,869 post offices in the world; 54,257 or one-sixth in the United States. The postal routes of the world cover 2,513,997 miles, of which 450,954 miles are in the United States. The total miles of mail service for the world is 2,061 millions. Of this number the United States has 601.3 millions.

The most extreme contrast between transportation capital in the United States and foreign countries is furnished by the number of automobiles. *Facts and Figures*, the official organ of the National Automobile Chamber of Commerce (April, 1919) estimates the total number of cars in use on January 1, 1917 as 4,219,246. Of this number almost six-sevenths (3,500,000) were in use in the United States. The total number of cars in Europe as estimated by the Fiat Press Bureau, Italy, was 437,558, or less than one-seventh of the number in use in the United States. Automobile distribution is of peculiar significance because the industry has developed almost entirely since the Spanish-American War and therefore since the time when the United States first began to develop into a world power.

The world's cotton spindleage in 1919 is estimated at 149.4 million spindles. (Letter from T. H. Price 10/6/19.) Of this total Great Britain has 57.0 millions; the United States 33.7 millions; Germany 11.0 millions; Russia 8.0 millions, and France and India each 7.0 millions.

No effort has been made to cite figures showing the estimated value of various forms of capital, because of the necessary variations in value standards. Enough material showing actual quantities of capital has been presented to prove that in agriculture, in transportation, in certain lines of manufacturing the United States is either at the head of the list, or else stands in second place. In transportation capital (particularly automobiles) the lead of the United States is very great.

If figures were available to show the relative amounts of capital used in mining, in merchandising, and in financial transactions they would probably show an equally great advantage in favor of the United States. In this connection it might not be irrelevant to note that in 1915 the total stock of gold money in the world was 8,258 millions of dollars. More than a quarter (2,299 millions) was in the United States. The total stock of silver money was 2,441 millions of dollars of which 756 millions (nearly a third) was in the United States. (*Stat. Abstr.*, 1918, pp. 840-1.)

4. *Products of the United States*

Figures showing the amounts of the principal commodities produced in the United States are far more complete than those covering the resources and capital. They are perhaps the best index of the present economic position of the United States in relation to the other countries of the world.

The wheat crop of the world in 1916 was 3,701.3 million bushels. Russia, including Siberia, was the leading producer with 686.3 million bushels. The United States was second with 636.7 million bushels or 17 per cent of the world's output. British India, the third wheat producer, had a crop in 1916 of 323.0 million bushels. Canada, with 262.8 million bushels, was fourth on the list. Thus Canada and the United States combined produced almost exactly one-fourth of the world's wheat crop.

As a producer of corn the United States is without a peer. The world's corn crop in 1916 was 3,642.1 million bushels. Two-thirds of this crop (2,566.9 million bushels) was produced in the United States.

The position of the United States as a producer of corn is almost duplicated in the case of cotton. The *Statistical Abstract* published by the British Government (No. 39, London, 1914, p. 522) gives the world's cotton production as 21,659,000 bales (1912). Of this number the United States produced 14,313,000—almost exactly two-thirds. British India, which ranks second, reported a production of 3,203,000 bales. Egypt was third with 1,471,000 bales.

About one-tenth of the world's output of wool is produced in the United States. World production for 1917 is placed at 2,790,000 pounds. (*Bulletin,* National Association of Wool Manufacturers. 1918, p. 162.) Australia heads the list with a production of 741.8 million pounds. Russia, including Siberia, comes second with 380.0 million pounds. The United States is third with 285.6 million pounds and Argentina fourth with 258.3 million pounds.

The United States leads the world in timber production. "Last winter we estimated that the United States has been cutting about 50 per cent of the total world's supply of lumber." (Letter from Chief of Forest Investigation. U. S. Forest Service. Oct. 11, 1919.) The same letter gives the present annual timber cut. The United States 12.5 billion cubic feet; Russia 7.1 billion cubic feet; Canada 3.0 billion cubic feet; Austria-Hungary 2.7 billion cubic feet.

A third of the iron ore produced in the world in 1912 came from the United States. The world's production in that year was 154.0 million tons (*British Statistical Abstract,* No. 39, p. 492). The United States produced 56.1 million tons or 36 per cent of the whole; Germany produced 32.7 million tons; France 19.2 million tons; the United Kingdom 14.0 million tons. No other country is reported as producing as much as ten million tons.

The position of the United States as a producer of iron and steel was greatly enchanced by the war. *The Daily*

Consular and Trade Reports (July 9, 1919, p. 155) give a comparison between the world's steel and iron output in 1914 and 1918. In 1914 the United States produced 23.3 million tons of pig iron; Germany produced 14.4 million tons; the United Kingdom 8.9 million tons, and France 5.2 million tons. The United States was thus producing 45 per cent of the pig iron turned out in these four countries. For 1918 the pig iron production of the United States was 39.1 million tons. That of the other three countries was 22.0 million tons. In that year the United States produced 64 per cent of the pig iron product of these four countries. An equally great lead is shown in the case of steel production. In 1914 the United States produced 23.5 million tons of steel. Germany, the United Kingdom and France produced 27.6 million tons. By 1918 the production of the United States had nearly doubled (45.1 million tons).

The total pig iron output of the world for 1917 was placed at 66.9 millions of tons. The world's production of steel in 1916 was placed at 83 million tons. The United States produced considerably more than half of both commodities. ("The Mineral Industry During 1918." New York, McGraw Hill Book Co., 1919, pp. 379-80).

The two chief forms of power upon which modern industry depends are petroleum and coal. The United States is the largest producer of both of these commodities. The world's production of petroleum in 1917 was 506.7 million barrels (*Mineral Resources*, 1917, Part II, p. 867). Of this amount the United States produced 335.3 million barrels or 66 per cent of the total. The second largest producer, Russia, and the third, Mexico, are credited with 69 million barrels and 55.3 million barrels respectively.

As a coal producer the United States stands far ahead of all other nations. The United States Geological Survey (*Special Report, No. 118*) placed the total coal production of the world in 1913 at 1,478 million tons. Of this amount 569.9 million tons (38.5 per cent) were produced in the United States. The production for Great Britain was 321.7 million tons; for Germany 305.7 million tons; for Austria-

Hungary 60.6 million tons. No other country reported a production of as much as fifty million tons. In 1915 the United States produced 40.5 per cent of the world's coal; in 1917 44.2 per cent; in 1918 46.2 per cent.

Copper has become one of the world's chief metals. Two-thirds of all the copper is produced in the United States. Copper production in 1916 totaled 3,107 million pounds (*Mineral Resources in the United States,* 1916, part I, p. 625). The production for the United States was 1,927.9 million pounds (62 per cent of the whole). The second largest producer, Japan, turned out 179.2 million pounds.

The precious metals, gold and silver, are largely produced in the United States. The world's gold production for 1917 was 423.6 million dollars (*Mineral Resources,* 1917, p. 613). Africa produced half of this amount (214.6 million dollars). The United States was second with a production of 83.8 million dollars (20 per cent of the whole). The same publication (p. 615) gives the world's silver production in 1917 as 164 million ounces. 77.1 million ounces (43 per cent) were produced in the United States. The second largest producer was Mexico, 31.2 million ounces; and the third Canada, with 22.3 million ounces. These three North American countries produced 76 per cent of the world's output of silver.

Judge Gary, speaking at the Annual Meeting of the Iron and Steel Institute (1920) put the situation in this summary form:—

As frequently stated, notwithstanding the United States has only 6% of the world's population and 7% of the world's land, yet we produce:

20% of the world's supply of gold,
25% of the world's supply of wheat,
40% of the world's supply of iron and steel,
40% of the world's supply of lead,
40% of the world's supply of silver,
50% of the world's supply of zinc,
52% of the world's supply of coal,

60% of the world's supply of aluminum,
60% of the world's supply of copper,
60% of the world's supply of cotton,
66% of the world's supply of oil,
75% of the world's supply of corn,
85% of the world's supply of automobiles.

With the exception of rubber, practically all of the essential raw materials and food products upon which modern industrial society depends are produced largely in the United States. With less than a sixteenth of the world's population, the United States produced from a fifth to two-thirds of most of the world's essential products.

6. *Shipping*

The rapid increase in the foreign trade of the United States created a demand for American shipping facilities. Before the Civil War the United States held a place as a maritime nation. Between the Civil War and the war with Spain the energies of the American people were devoted to internal improvement. With the advent of expansion that followed the Spanish-American War, came an insistent demand that the United States develop a merchant marine adequate to carry its own foreign trade.

The United States Commissioner of Navigation in his report for 1917 (p. 78) gives the net gross tonnage of steam and sailing vessels in 1914 as 45 million tons in all. The tonnage of Great Britain was 19.8 million tons; of Germany 4.9 million tons; of the United States 3.5 million tons; of Norway 2.4 million tons; of France 2.2 million tons; of Japan 1.7 million tons, and of Italy 1.6 million tons.

The war brought about great changes in the distribution of the world's shipping. Germany was practically eliminated as a shipping nation. The necessity of recouping the submarine losses, and of transporting troops and supplies led the United States to adopt a ship-building program

that made her the second maritime country of the world. Lloyd's Register of Shipping gives the steam tonnage of the United Kingdom as 18,111,000 gross tons in June, 1920. For the same month the tonnage of the United States is given as 12,406,000 gross tons. Japan comes next with a tonnage of 2,996,000 gross tons. According to the same authority the United Kingdom had 41.6 per cent of the world's tonnage in 1914 and 33.6 per cent in 1920; while the United States had 4.7 per cent of the world's tonnage in 1914 and 24 per cent in 1920.

7. *Wealth and Income*

The economic advantages of the United States enumerated in this chapter inevitably are reflected in the figures of national wealth and national income. While these figures are estimates rather than conclusive statements they are, nevertheless, indicative of a general situation.

During the war a number of attempts were made to approximate the pre-war wealth and income of the leading nations. Perhaps the most ambitious of these efforts was contained in a paper on "Wealth and Income of the Chief Powers" read before the Royal Statistical Society. (See *The London Economist,* May 24, 1919, pp. 958-9.) This and other estimates were compiled by L. R. Gottlieb and printed in the *Quarterly Journal of Economics* for Nov. 1919. Mr. Gottlieb estimates the pre-war national wealth of Great Britain, France, Italy, Japan, Russia, Belgium, Germany, Austria-Hungary, Turkey and Bulgaria at 366,100 million dollars. At the same time the wealth of the United States was estimated at 204,400 million dollars. Thus the wealth of the United States was equal to about 36 per cent of the total wealth of the great nations in question.

The same article contains an estimate of pre-war national incomes for these great powers. The total is placed at 81,100 million dollars. The income for the United States is placed at 35,300 million dollars, or more than 43 per cent of the total.

The war has made important changes in the wealth and income of the principal powers. The wealth and income of Europe have been reduced, while the wealth and income of the United States have been greatly increased. This increase is rendered doubly emphatic by the demoralization in foreign exchange which gives the American dollar a position of unique authority in the financial world.

The latest wealth estimates (*Commerce and Finance*, May 26, and July 28, 1920) in terms of dollars at their purchasing-power value, makes the wealth of the whole British Empire 230 billions of dollars; of France, 100 billions; of Russia, 60 billions; of Italy, 40 billions; of Japan, 40 billions; of Germany, 20 billions, and of the United States, 500 billions. These figures are subject to alteration with the alteration of the exchange rates, but they indicate the immense advantage that is possessed by the business men of the United States over the business men of any or of all of the other nations of the world.

Before the war, the British were the chief lenders in the international field. In 1913 Great Britain had about 20 billions of dollars of foreign investments, as compared with 9 billions for France and about 6 billions for Germany. At the end of 1920, the British foreign investments had shrunk to a fraction of their former amount, while the United States, from the position of a debtor nation, had become the leading investing nation of the world, with over 9 billions of dollars loaned to the Allied governments; with notice loans estimated at over 10 billions; with foreign investments of 8 billions, and goods on consignment to the extent of 2 billions.

The United States therefore began the year 1921 with a greater financial lead, by several times over, than that which she held before the war, when she was credited with a greater wealth and a larger income than that of any other nation in the world. The extent of the advantage enjoyed by the United States at the end of 1920 cannot be stated with any final accuracy, but its proportions are staggering.

8. *The Economic Position of the United States*

Economically the United States is a world power. She occupies one of the three great geographical areas in the temperate zone. If she were to include Canada, Mexico and Central America—the territory north of the Canal Zone—she would have the greatest unified body of economic advantage anywhere in the world.

The United States is rich in practically all of the important industrial resources. She has a large, relatively homogeneous population, a great part of which is directly descended from the conquering races of the world. Almost all of the essential raw materials are produced in the United States, and in relatively large quantities. The period since the Spanish War has witnessed a rapid increase in wealth production. The war of 1914 resulted in an even greater increase in shipping. The investable surplus is greater in the United States than in any other nation, and in amount as well as in percent the national debt is less than that in any other important nation except Japan. Economically the position of the United States is unique. The masters of her industries hold a position of great advantage in the capitalist world.

XIV. THE PARTITION OF THE EARTH

1. *Economic Power and Political Authority*

Economically the United States is a world power. Her world position in politics follows as a matter of course.

While the American people were busy with internal development, they played an unimportant part in world affairs. They were not competing for world trade, because they had relatively little to export; they were not building a merchant marine because of the smallness of their trading activities; they were not engaged in the scramble after undeveloped countries because, with an undeveloped country of their own, calling continually for enlarged investments, they had little surplus capital to employ in foreign enterprises.

This economic isolation of the United States was reflected in an equally thoroughgoing political isolation. With the exception of the Monroe Doctrine, which in its original form was intended as a measure of defense against foreign political and military aggression, the United States minded its own affairs, and allowed the remainder of the world to go its way. From time to time, as necessity arose, additional territory was purchased or taken from neighboring countries—but all of these transactions, up to the annexation of Hawaii (1898) were confined to the continent of North America, in which no European nation, with the exception of Great Britain, had any imperative territorial interest.

The economic changes which immediately preceded the Spanish War period commanded for the United States a place among the nations. The passing of economic aloof-

ness marked the passing of political aloofness, and the United States entered upon a new era of international relationships. Possessed of abundant natural resources, and having through a long period of peace developed a large working capital with which these resources might be exploited, the United States, at the beginning of the twentieth century, was in a position to export, to trade and to invest in foreign enterprises.

The advent of the World War gave the United States a dramatic opportunity to take a position which she must have assumed in any case in a comparatively short time. It had, however, one signal, diplomatic advantage,—it enabled the capitalist governments of Europe to accept, with an excellent grace, the newly acquired economic prominence of the United States and to recognize her without question as one of the leading political powers. The loan of ten billions to Europe; the sending of two million men at double quick time to the battle front; the immense increases in the production of raw material that followed the declaration of war by the United States; the thoroughness displayed by the American people, once they had decided to enter the war, all played their part in the winning of the victory. There were feelings, very strongly expressed, that the United States should have come in sooner; should have sacrificed more and profiteered less. But once in, there could be no question either of the spirit of her armies or of the vast economic power behind them.

When it came to dividing the spoils of victory, the United States held, not only the purse strings, but the largest surpluses of food and raw materials as well. Her diplomacy at the Peace Table was weak. Her representatives, inexperienced in such matters, were no match for the trained diplomats of Europe, but her economic position was unquestioned, as was her right to take her place as one of the "big five."

2. *Dividing the Spoils*

The Peace Conference, for purposes of treaty making, separated the nations of the world into five classes:

1. The great capitalist nations.
2. The lesser capitalist states.
3. Enemy nations.
4. Undeveloped territories.
5. The socialist states.

The great capitalist states were five in number—Great Britain, France, Italy, Japan and the United States. These five states dominated the armistice commission and the Peace Conference and they were expected to dominate the League of Nations. The position of these five powers was clearly set forth in the regulations governing procedure at the Peace Conference. Rule I reads: "The belligerent powers with general interests—the United States of America, the British Empire, France, Italy and Japan—shall take part in all meetings and commissions." (*New York Times,* January 20, 1919.) Under this rule the Big Five were the Peace Conference, and throughout the subsequent negotiations they continued to act the part.

The same concentration of authority was read into the revised convenant of the League of Nations. Article 4 provides that the Executive Council of the League "shall consist of the representatives of the United States of America, of the British Empire, of France, of Italy and of Japan, together with four other members of the League." The authority of the Big Five was to be maintained by giving them five votes out of nine on the executive council of the League, no matter how many other nations might become members.

It was among the Big Five, furthermore, that the spoils of victory were divided. The Big Five enjoyed a full meal; the lesser capitalist states had the crumbs.

The enemy nations were stripped bare. Their colonies were taken, their foreign investments were confiscated, their merchant ships were appropriated, they were loaded down with enormous indemnities, they were dismembered. In short, they were rendered incapable of future economic competition. The thoroughgoing way in which this stripping was accomplished is discussed in detail by J. M. Keynes in "The Economic Consequences of the Peace" (chapters 4 and 5).

The undeveloped territories—the economic opportunities upon which the Big Five were relying for the disposal of their surplus products and surplus capital, were carved and handed about as a butcher carves a carcass. Shantung, which Germany had taken from China, was turned over to Japan under circumstances which made it impossible for China to sign the Treaty—thus leaving her territory open for further aggression. The Near East was divided between Great Britain, France and Italy. Mexico was not invited to sign the treaty and her name was omitted from the list of those eligible to join the League. The German possessions in Africa and in the Pacific were distributed in the form of "mandates" to the Great Powers. The principle underlying this distribution was that all of the unexploited territory should go to the capitalist victors for exploitation. The proportions of the division had been established, previously, in a series of secret treaties that had been entered into during the earlier years of the war.

With the Big Five in control, with the lesser capitalist states silenced; with the border states made or in the making; with the enemy reduced to economic impotence, and the unexploited portions of the world assigned for exploitation, the conference was compelled to face still another problem—the Socialist Republic of Russia.

Russia, Czar ridden and oppressed, had entered the war as an ally of France and Great Britain. Russia, unshackled and attempting self-government on an economic basis, was an "enemy of civilization." The Allies therefore supported counter-revolution, organized and encour-

aged warfare by the border states, established and maintained a blockade, the purpose of which was the starvation of the Russian people into submission, and did all that money, munitions, supplies, battleships and army divisions could do to destroy the results of the Russian Revolution.

The Big Five—assuming to speak for all of the twenty-three nations that had declared war on Germany—manipulated the geography of Europe, reduced their enemies to penury, disposed of millions of square miles of territory and tens of millions of human beings as a gardener disposes of his produce, and then turned their united strength to the task of crushing the only thing approaching self-government that Russia has had for centuries.

A more shameless exhibition of imperial lust is not recorded in history. Never before were five nations in a position to sit down at one table and decide the political fate of the world. The opportunity was unique, and yet the statesmen of the world played the old, savage game of imperial aggression and domination.

This brutal policy of dealing with the world and its people was accepted by the United States. Throughout the Conference her representatives occupied a commanding position; at any time they would have been able to speak with a voice of almost conclusive authority; they chose, nevertheless, to play their part in this imperial spectacle. To be sure the Senate refused to ratify the Treaty,—not because of its imperial iniquities, but rather because there was nothing in it for the United States.

3. *Italy, France and Japan*

The shares of spoil falling to Italy and France as a result of the treaty are comparatively small although both countries—and particularly France—carried a terrific war burden. Japan, the least active of any of the leading participants in the war, received territory of vast importance to her future development.

Italy,—under the secret treaty of London, signed April 26, 1915, by the representatives of Russia, France, Great Britain and Italy,—was to receive that part of Austria known as the Trentine, the entire southern Tyrol, the city and suburbs of Trieste, the Istrian Islands and the province of Dalmatia with various adjacent islands. Furthermore, Article IX of the Treaty stipulated that, in the division of Turkey, Italy should be entitled to an equal share in the basin of the Mediterranean, and specifically to the province of Adalia. Under Article XIII, "In the event of the expansion of French and English colonial domains in Africa at the expense of Germany, France and Great Britain recognize in principle the Italian right to demand for herself certain compensations in the sense of expansions of her lands in Erithria, Somaliland, in Lybia and colonial districts lying on the boundary, with the colonies of France and England." Substantially, this plan was followed in the Peace Treaty.

The territorial claims of France were simple. The secret treaties include a note from the French Minister of Foreign Affairs to the French Ambassador at Petrograd, dated February 1-14, 1917, which stated that under the Peace Treaty:

"(1) Alsace and Lorraine to be returned to France.

"(2) The boundaries will be extended at least to the limits of the former principality of Lorraine, and will be fixed under the direction of the French Government. At the same time strategic demands must be taken into consideration, so as to include within the French territory the whole of the industrial iron basin of Lorraine and the whole of the industrial coal-basin of the Saar."

The Peace Treaty confirmed these provisions, with the exception of the Saar Valley, which is to go to France for 15 years under conditions which will ultimately cause its annexation to France if she desires it. France also gained some slight territorial concessions in Africa. Her real ad-

vantage—as a result of the peace—lies in the control of the three provinces with their valuable mineral deposits.

The territorial ambitions of Japan were confined to the Far East. The former Russian Ambassador to Tokio, under date of February 8, 1917, makes the statement that Japan was desirous of securing "the succession to all the rights and privileges possessed by Germany in the Shantung province and for the acquisition of the islands north of the Equator." In a secret treaty with Great Britain, Japan secured a guarantee covering such a division of the German holdings in the Pacific.

These concessions are of great importance to Japan. By the terms of the Treaty one of her rivals for the trade of the East (Germany) is eliminated, and the territory of that rival goes to Japan. With the control of Port Arthur and Korea and Shantung, Japan holds the gateway to the heart of Northern China. The islands gained by Japan as a result of the Treaty give her a barrier extending from the Kurile Islands, near Kamchatka, through the Empire of Japan proper, to Formosa. Farther out in the Pacific, there are the Ladrones, the Carolines and the Pelew Islands, which, in combination, make a series of submarine bases that render attack by sea difficult or impossible, and that lie, incidentally, between the United States and the Philippine Islands. Japan came away from the Peace Conference with the key to the East in her pocket.

4. *The Lion's Share*

The lion's share of the Peace Conference spoil went to Great Britain. To each of the other participants, certain concessions, agreed upon beforehand, were made. The remainder of the war-spoil was added to the British Empire. This "remainder" comprised at least a million and half square miles of territory, and included some of the most important resources in the world.

The territorial gains of Great Britain cover four areas—the Near East, the Far East, Africa, and the South Pacific.

The gains of Great Britain in the Near East include Hedjez and Yemen, the control of which gives the British possession of virtually all of the territory bordering on the Red Sea. The Persian Gulf is likewise placed under British control, through her holding of Mesopotamia and her control over Persia and Oman. The eastern end of the Mediterranean is held by the British through their control of Palestine.

Thus the gateway to the East,—both by land and by sea, the eastern shores of the Mediterranean, the valleys of the Tigris and the Euphrates and the basin of the Red Sea all fall into the hands of the British, who now hold the heart of the Near East. The gains of Great Britain in Africa include Togoland, German Southwest Africa and German East Africa. With these accessions of territory, Great Britain holds a continuous stretch of country from the Cape to Cairo. A British subject can therefore travel on British soil from Cape Town via the Isthmus of Suez, to Siam, covering a distance as the crow flies of something like 10,000 miles.

The British gains in the South Pacific include Kaiser Wilhelm Land and the German islands south of the Equator.

What these territorial gains mean in the way of additional resources for the industries of the home country, only the future can decide. Certain it is, that outside of the Americas, Central Europe, Russia, China and Japan, Great Britain succeeded in annexing most of the important territory of the world.

The *Chicago Tribune,* in one of its charmingly frank editorials, thus describes the gains to the British Empire as a result of the war. "The British mopped up. They opened up their highway from Cairo to the Cape. They reached out from India and took the rich lands of the Euphrates. They won Mesopotamia and Syria in the war. They won Persia in diplomacy. They won the east coast of the Red Sea. They put protecting territory about

Egypt and gave India bulwarks. They made the eastern dream of the Germans a British reality.

"The British never had their trade routes so guarded as now. They never had their supremacy of the sea so firmly established. Their naval competitor, Germany, is gone. No navy threatens them. No empire approximates their size, power, and influence.

"This is the golden age of the British Empire, its Augustan age. Any imperialistic nation would have fought any war at any time to obtain such results, and as imperialistic nations count costs, the British cost, in spite of its great sums in men and money was small." (January 4, 1920.)

5. *Half the World—Without a Struggle*

Two significant facts stand out in this record of spoils distribution. One is that Great Britain received the lion's share of them in Asia and Africa. The other, that there is no mention of the Americas. Outside of the Western Hemisphere, Great Britain is mistress. In the Americas, with the exception of Canada, the United States is supreme.

There are two reasons for this. One is that Germany's ambitions and possessions included Asia and Africa primarily—and not America. The other is that the Peace Conference recognized the right of the United States to dominate the Western Hemisphere.

The representatives of the United States declared that their country was asking for nothing from the Peace Conference. Nevertheless, the insistent clamor from across the water led the American delegation to secure the insertion in the revised League Covenant of Article XXI which read: "Nothing in this covenant shall be deemed to affect the validity of international engagements, such as treaties of arbitration or regional understandings like the Monroe Doctrine for securing the maintenance of peace." This article coupled with the first portion of Article X, "The

members of the League undertake to respect and preserve as against external aggression the territorial integrity and existing political independence of all members of the League," guarantees to the United States complete authority over Latin America, reserving to her political suzerainty and economic priority.

The half of the earth reserved to the United States under these provisions contains some of the richest mineral deposits, some of the largest timber areas, and some of the best agricultural territory in the world. Thus at the opening of the new era, the United States, at the cost of a comparatively small outlay in men and money, has guaranteed to her by all of the leading capitalist powers practically an exclusive privilege for the exploitation of the Western Hemisphere.

XV. PAN-AMERICANISM

1. *America for the Americans*

In the partition of the earth, one-half was left under the control of the United States. Among the great nations, parties to the war and the peace, the United States alone asked for nothing—save the acceptance by the world of the Monroe Doctrine. The doctrine, as generally understood, makes her mistress of the Western Hemisphere.

The Monroe Doctrine originated in the efforts of Latin America to establish its independence of imperial Europe, and the counter efforts of imperial Europe to fasten its authority on the newly created Latin American Republics. President Monroe, aroused by the European crusade against popular government, wrote a message to Congress (1823) in which he stated the position of the United States as follows:

"The American continents, by the free and independent condition which they have assumed and maintained, are henceforth not to be considered as subjects for future colonization by any European powers."

Monroe continues by pointing out that the United States must view any act which aims to establish European authority in the Americas as "dangerous to our peace and safety."

"The United States will keep her hands off Europe; she will expect Europe to keep her hands off America," was the essence of the doctrine, which has been popularly expressed in the phrase "America for the Americans." The Doctrine was thus a statement of international aloofness,—a declaration of American independence of the remainder of the world.

The Monroe Doctrine soon lost its political character. The southern statesmen who were then guiding the destinies of the United States were looking with longing eyes into Texas, Mexico, Cuba and other potential slave-holding territory. Later, the economic necessities of the northern capitalists led them in the same direction. Professor Roland G. Usher, in his "Pan-Americanism" (New York, The Century Company, 1915, pp. 391-392) insists that the Monroe Doctrine stands "First, for our incontrovertible right of self-defense. In the second place the Monroe Doctrine has stood for the equally undoubted right of the United States to champion and protect its primary economic interest against Europe or America."

Through the course of a century this statement of defensive policy has been converted into a doctrine of economic pseudo-sovereignty. It is no longer a case of keeping Europe out of Latin America but of getting the United States into Latin America.

The United States does not fear political aggression by Europe against the Western Hemisphere. On the contrary, the aggression to-day is largely economic, and the struggle for the markets and the investment opportunities of Latin America is being waged by the capitalists of every great industrial nation, including the United States.

2. *Latin America*

Four of the Latin American countries, viewed from the standpoint of population and of immediately available assets, rank far ahead of the remainder of Latin America. Mexico, with a population in 1914-1915 of 15,502,000, had an annual government revenue of $72,687,000. The population of Brazil is 27,474,000. The annual revenue (1919) is $183,615,000. Argentine, with a population of 8,284,000, reported annual revenues of $159,000,000 (1918); and Chile, with a population of 3,870,000, had an annual revenue of $77,964,000 (1917). These four states rank in political and economic importance close to Canada.

Great Britain holds a number of strategic positions in the West Indies. Other nations have minor possessions in Latin America. None of these possessions, however, is of considerable economic or political importance. There remain Bolivia, Uruguay, Colombia, Ecuador, Paraguay, Peru, Venezuela, and the Central American states. The most populous of these countries is Peru (5,800,000 persons). All of the Central American states combined have a population of less than 6,000,000. The annual revenues of Uruguay (population 1,407,000) are $30,453,000 (1918-19). The combined government revenues of all Central America are less than twenty-five millions. (*Statistical Abstract of the U. S.*, 1919, p. 826ff.)

Compared with the hundred million population of the United States; its estimated wealth (1918) of 250 billions; and its federal revenues of a billion and a half in 1916, the Latin American republics cut a very small figure indeed. The United States, bristling with economic surplus and armed with the Monroe Doctrine, as accepted and interpreted in the League Covenant, is free to turn her attention to the rich opportunities offered by the undeveloped territory stretching from the Rio Grande to Cape Horn. What is there to hinder her movements in this direction? Nothing but the limitation on her own needs and the adherence to her own public policies. This vast area, containing approximately nine million square miles (three times the area of continental United States), has a population of only a little over seventy millions. The entire government revenues of the territory are in the neighborhood of six hundred million, but so widely scattered are the people, so sharp are their nationalistic differences, and so completely have they failed to build up anything like an effective league to protect their common interests, that skillful maneuvering on the part of American economic and political interests should meet with no effectual or thoroughgoing opposition.

The "hands off America" doctrine which the United States has enunciated, and which Europe has accepted,

means first that none of the Latin American Republics is permitted to enter into any entangling alliances without the approval of the United States. In the second place it means that the United States is free to treat all Latin American countries in the same way that she has treated Cuba, Hayti and Nicaragua during the past twenty years.

3. *Economic "Latin America"*

The United States is the chief producer—in the Western Hemisphere—of the manufactured supplies needed by the relatively undeveloped countries of Latin America. At the same time, the undeveloped countries of Latin America contain great supplies of ores, minerals, timber and other raw materials that are needed by the expanding manufacturing interests of the United States. The United States is a country with an investible surplus. Latin America offers ample opportunity for the investment of that surplus. Surrounding the entire territory is a Chinese wall in the form of the Monroe Doctrine—intangible but none the less effective.

Before the outbreak of the Great War, European capitalists dominated the Latin American investment market. The five years of struggle did much to eliminate European influence in Latin America.

The situation was reviewed at length in a publication of the United States Department of Commerce "Investments in Latin America and the British West Indies," by Frederick M. Halsey (Washington Government Printing Office, 1918):

"Concerning the undeveloped wealth of various South American countries," writes Mr. Halsey, "it may be said that minerals exist in all the Republics, that the forest resources of all (except possibly Uruguay) are very extensive, that oil deposits have been found in almost every country and are worked commercially in Argentine, Colombia, Chile, Ecuador, Peru and Venezuela, and that there

are lands available for the raising of live stock and for agricultural purposes'' (p. 20).

As to the pre-war investments, Mr. Halsey points out that ''Great Britain has long been the largest investor in Latin America'' (p. 20). The total of British investments he places at 5,250 millions of dollars. A third of this was invested in Argentine, a fifth in Brazil and nearly a sixth in Mexico. French investments are placed at about one and a half billions of dollars. The German investments were extensive, particularly in financial and trading institutions. United States investments in Latin America before the war ''were negligible'' (p. 19) outside of the investments in the mining industry and in the packing business.

Just how much of a shift the war has occasioned in the ownership of Latin American railways, public utilities, mines, etc., it is impossible to say. Some such change has occurred, however, and it is wholly in the interest of the United States.

Generalizations which apply to Latin America have no force in respect to Canada. The capitalism of Canada is closely akin to the capitalism of the United States.

Canada possesses certain important resources which are highly essential to the United States. Chief among them are agricultural land and timber. There are two methods by which the industrial interests of the United States might normally proceed with relations to the Canadian resources. One is to attack the situation politically, the other is to absorb it economically. The latter method is being pursued at the present time. To be sure there is a large annual emigration from the United States into Canada (approximately 50,000 in 1919) but capital is migrating faster than human beings.

The Canadian Bureau of Statistics reports (letter of May 20, 1920) on ''Stocks, Bonds and other Securities held by incorporated and joint stock Companies engaged in manufacturing industries in Canada, 1918,'' as owned by 8,130,-

368 individual holders, distributed geographically as follows: Canada, $945,444,000; Great Britain, $153,758,000; United States, $555,943,000, and other countries, $17,221,-322. Thus one-third of this form of Canadian investment is held in the United States.

4. *American Protectorates*

The close economic inter-relations that are developing in the Americas, naturally have their counter-part in the political field. As the business interests reach southward for oil, iron, sugar, and tobacco they are accompanied or followed by the protecting arm of the State Department in Washington. Few citizens of the United States realize how thoroughly the conduct of the government, particularly in the Caribbean, reflects the conduct of the bankers and the traders.

Professor Hart in his "New American History" (American Book Co., 1917, p. 634) writes, "In addition the United States between 1906 and 1916 obtained a protectorate over the neighboring Latin American States of Cuba, Hayti, Panama, Santo Domingo and Nicaragua. All together these five states include 157,000 square miles and 6,000,000 people." Professor Hart makes this statement under the general topic, "What America Has Done for the World."

The Monroe Doctrine, logically applied to Latin America, can have but one possible outcome. Professor Chester Lloyd Jones characterizes that outcome in the following words, "Steadily, quietly, almost unconsciously the extension of international responsibility southward has become practically a fixed policy with the State Department. It is a policy which the record of the last sixteen years shows is followed, not without protest from influential factions, it is true, but none the less followed, by administrations of both parties and decidedly different shades within one of the parties. . . . Protests will continue but the logic of events is too strong to be overthrown by traditional argu-

ment or prejudice." ("Caribbean Interests." New York, Appleton, 1916, p. 125.)

Latin America is in the grip of the Monroe Doctrine. Whether the individual states wish it or not they are the victims of a principle that has already shorn them of political sovereignty by making their foreign policy subject to veto by the United States, and that will eventually deprive them of control over their own internal affairs by placing the management of their economic activities under the direction of business interests centering in the United States. The protectorate which the United States will ultimately establish over Latin America was forecast in the treaty which "liberated" Cuba. The resolution declaring war upon Spain was prefaced by a preamble which demanded the independence of Cuba. Presumably this independence meant the right of self-government. Actually the sovereignty of Cuba is annihilated by the treaty of July 1, 1904, which provides:

"Article I. The Government of Cuba shall never enter into any treaty or compact with any foreign power or powers which will impair or tend to impair the independence of Cuba, nor in any matter authorize or permit any foreign power or powers to obtain by colonization or for military or naval purposes, or otherwise, lodgement in, or control over any portion of said island."

The most drastic limitations upon Cuba's sovereignty are contained in Article 3 which reads, "the Government of Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence, the maintenance of a government adequate for the protection of life, property and individual liberty, and for discharging the obligation with respect to Cuba imposed by the Treaty of Paris on the United States now to be assumed and undertaken by the Government of Cuba." Under this article, the United States, at her discretion, may intervene in Cuba's internal affairs.

Under these treaty provisions the Cuban Government is not only prevented from exercising normal governmental

functions in international matters, but if a change of internal government should take place which in the opinion of the United States jeopardized "life, property and individual liberty" such a government could be suppressed by the armed forces of the United States and a government established in conformity with her wishes. Theoretically, Cuba is an independent nation. Practically, Cuba has signed away in her treaty with the United States every important attribute of sovereignty.

The fact that Cuba was a war-prize of the United States might be advanced as an explanation of her anomalous position, were it not for the relations now existing between the Dominican Republic, Hayti and Nicaragua on the one hand and the United States on the other. The United States has never been at war with any of these countries, yet her authority over them is complete.

The Convention between the United States and the Dominican Republic, proclaimed July 25, 1907, gave the United States the right to appoint a receiver of Dominican customs in order that the financial affairs of the Republic might be placed on a sound basis. This appointment was followed in 1916 by the landing of the armed forces of the United States in the territory of the Dominican Republic. On November 29, 1916, a military government was set up by the United States Marine Corps under a proclamation approved by the President. "This military government at present conducts the administration of the government" (Letter from State Department, September 29, 1919).

The proclamation issued by the Commander of the United States Marine Corps and approved by the President, cited the failure of the Dominican government to live up to its treaty obligations because of internal dissensions and stated that the Republic is made subject to military government and to the exercise of military law applicable to such occupation. Dominican statutes "will continue in effect insofar as they do not conflict with the objects of the Occupation or necessary relations established thereunder, and their lawful administration will continue in the hands of such

duly authorized Dominican officials as may be necessary, all under the oversight and control of the United States forces exercising Military Government." The proclamation further announces that the Military Government will collect the revenues and hold them in trust for the Republic.

Following this proclamation Captain H. S. Knapp issued a drastic order providing for a press censorship. "Any comment which is intended to be published on the attitude of the United States Government, or upon anything connected with the Occupation and Military Government of Santo Domingo must first be submitted to the local censor for approval. In case of any violation of this rule the publication of any newspaper or periodical will be suspended; and responsible persons,—owners, editors, or others —will further be liable to punishment by the Military Government. The printing and distribution of posters, handbills, or similar means of propaganda in order to disseminate views unfavorable to the United States Government or to the Military Government in Santo Domingo is forbidden." (Order secured from the Navy Department and published by The American Union against Militarism, Dec. 13, 1916.)

A similar situation exists in Hayti. The treaty of May 3, 1916, provides that "The Government of the United States will, by its good officers, aid the Haitian Government in the proper and efficient development of its agricultural, mineral and commercial resources and in the establishment of the finances of Hayti on a firm and solid basis." (Article I) "The President of Hayti shall appoint upon nomination by the President of the United States a general receiver and such aids and employees as may be necessary to manage the customs. The President of Hayti shall also appoint a nominee of the President of the United States as 'financial adviser' who shall 'devise an adequate system of public accounting, aid in increasing revenues' and take such other steps 'as may be deemed necessary for the welfare and prosperity of Hayti.'" (Article II.) Article III guarantees "aid and protection of both countries to

the General Receiver and the Financial Adviser." Under Article X "The Haitian Government obligates itself . . . to create without delay an efficient constabulary, urban and rural, composed of native Haitians. This constabulary shall be organized and officered by Americans." The Haitian Government under Article XI, agrees not to "surrender any of the territory of the Republic by sale, lease or otherwise, or jurisdiction over such territory, to any foreign government or power" nor to enter into any treaty or contract that "will impair or tend to impair the independence of Hayti." Finally, to complete the subjugation of the Republic, Article XIV provides that "should the necessity occur, the United States will lend an efficient aid for the preservation of Haitian independence and the maintenance of a government adequate for the protection of life, property and individual liberty."

A year later, on August 20, 1917, the *New York Globe* carried the following advertisement:—

FORTUNE IN SUGAR

"The price of labor in practically all the cane sugar growing countries has gone steadily up for years, except in Hayti, where costs are lowest in the world.

"*Hayti now is under U. S. Control.*

"The Haitian-American corporation owns the best sugar lands in Hayti, owns railroads, wharf, light and power-plants, and is building sugar mills of the most modern design. There is assured income in the public utilities and large profits in the sugar business. We recommend the purchase of the stock of this corporation. Proceedings are being taken to list this stock on the New York Stock Exchange.

"Interesting story 'Sugar in Hayti' mailed on request.

"P. W. Chapman & Co., 53 William St., N. Y. C."

Hayti remained "under United States control" until the revelations of the summer of 1920 (see *The Nation,* July 10 and August 28, 1920), when it was shown that the natives were being compelled, by the American forces of occupation, to perform enforced labor on the roads and to accept a rule so tyrannous that thousands had refused to obey the orders of the military authorities, and had been shot for their pains. On October 14, 1920, the *New York Times* printed a statement from Brigadier General George Barnett, formerly Commandant General of the Marine Corps, covering the conditions in Hayti between the time the marines landed (July, 1915) and June, 1920. General Barnett alleges in his report that there was evidence of "indiscriminate" killing of the natives by the American Marines; that "shocking conditions" had been revealed in the trial of two members of the army of occupation, and that the enforced labor system should be abolished forthwith. The report shows that, during the five years of the occupation, 3,250 Haytians had been killed by the Americans. During the same period, the losses to the army of occupation were 1 officer and 12 men killed and 2 officers and 26 men wounded.

The attitude of the United States authorities toward the Haytians is well illustrated by the following telegram which the United States Acting Secretary of the Navy sent on October 2, 1915, to Admiral Caperton, in charge of the forces in Hayti: "Whenever the Haytians wish, you may permit the election of a president to take place. The election of Dartiguenave is preferred by the United States."

The Cuban Treaty established the precedent; the Great War provided the occasion, and while Great Britain was clinching her hold in Persia, and Japan was strengthening her grip on Korea, the United States was engaged in establishing protectorates over the smaller and weaker Latin-American peoples, who have been subjected, one after another, to the omnipotence of their "Sister Republic" of the North.

5. *The Appropriation of Territory*

Protectorates have been established by the United States, where such action seemed necessary, over some of the weaker Latin-American states. Their customs have been seized, their governments supplanted by military law and the "preservation of law and order" has been delegated to the Army and Navy of the United States. The United States has gone farther, and in Porto Rico and Panama has appropriated particular pieces of territory.

The Porto Ricans, during the Spanish-American War, welcomed the Americans as deliverers. The Americans, once in possession, held the Island of Porto Rico as securely as Great Britain holds India or Japan holds Korea. The Porto Ricans were not consulted. They had no opportunity for "self-determination." They were spoils of war and are held to-day as a part of the United States.

The Panama episode furnishes an even more striking instance of the policy that the United States has adopted toward Latin-American properties that seemed particularly necessary to her welfare.

Efforts to build a Panama Canal had covered centuries. When President Roosevelt took the matter in hand he found that the Government of Colombia was not inclined to grant the United States sovereignty over any portion of its territory. The treaty signed in 1846 and ratified in 1848 placed the good faith of the United States behind the guarantee that Colombia should enjoy her sovereign rights over the Isthmus. During November 1902 the United States ejected the representatives of Colombia from what is now the Panama Canal Zone and recognized a revolutionary government which immediately made the concessions necessary to enable the United States to begin its work of constructing the canal.

The issue is made clear by a statement of Mr. Roosevelt frequently reiterated by him (see *The Outlook*, October 7, 1911) and appearing in the *Washington Post* of March 24,

1911, as follows:—"I am interested in the Panama Canal because I started it. If I had followed the traditional conservative methods I would have submitted a dignified state paper of probably two hundred pages to the Congress and the debate would have been going on yet. But I took the Canal Zone and let the Congress debate, and while the debate goes on, the Canal does also."

Article 35 of the Treaty of 1846 between the United States and Colombia (then New Grenada) reads as follows, —"The United States guarantees, positively and efficaciously to New Grenada, by the present stipulation, the perfect neutrality of the before mentioned Isthmus . . . and the rights of sovereignty which New Grenada has and possesses over said territory."

In 1869 another treaty was negotiated between the United States and Colombia which provided for the building of a ship canal across the Isthmus. This treaty was signed by the presidents of both republics and ratified by the Colombian Congress. The United States Senate refused its assent to the treaty. Another treaty negotiated early in 1902 was ratified by the United States Senate but rejected by the Colombian Congress. The Congress of the United States had passed an act (June 28, 1902) "To provide for the construction of a canal connecting the waters of the Atlantic and the Pacific Oceans." Under this act the President was authorized to negotiate for the building of the canal across the Isthmus of Panama. If that proved impossible within a reasonable time, the President was to turn to the Nicaragua route. The treaty prepared in accordance with this act provided that the United States would pay Colombia ten millions of dollars in exchange for the sovereignty over the Canal Zone. The Colombian Congress after a lengthy debate rejected the treaty and adjourned on the last day of October, 1902.

Rumor had been general that if the treaty was not ratified by the Colombian Government, the State of Panama would secede from Colombia, sign the treaty, and thus secure the ten millions. In consequence of these rumors, which

threatened transportation across the Isthmus, American war vessels were dispatched to Panama and to Colon.

On November 3, 1902, the Republic of Panama was established. On November 13 it was recognized by the United States. Immediately thereafter a treaty was prepared and ratified by both governments and the ten millions were paid to the Government of Panama.

Early in the day of November 3, the Department of State was informed that an uprising had occurred. Mr. Loomis wired, "Uprising on Isthmus reported. Keep Department promptly and fully informed." In reply to this the American consul replied, "The uprising has not occurred yet; it is announced that it will take place this evening. The situation is critical." Later the same official advised the Department that (in the words of the Presidential message, 1904) "the uprising had occurred and had been successful with no bloodshed."

The Colombian Government had sent troops to put down the insurrection but the Commander of the United States forces, acting under instructions sent from Washington on November 2, prevented the transportation of the troops. His instructions were as follows,—"Maintain free and uninterrupted transit if interruption is threatened by armed force with hostile intent, either governmental or insurgent, at any point within fifty miles of Panama. Government forces reported approaching the Isthmus in vessels. Prevent their landing, if, in your judgment, the landing would precipitate a conflict."

Thus a revolution was consummated under the watchful eye of the United States forces; the home government at Bogota was prevented from taking any steps to secure the return of the seceding state of Panama to her lawful sovereignty, and within ten days of the revolution, the new Republic was recognized by the United States Government.[1]

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[1] For further details see "The Panama Canal" Papers presented to the Senate by Mr. Lodge, Senate Document 471, 63rd Congress, 2nd Session.

(Ten days was the length of time necessary to transmit a letter from Panama to Washington. Greater speed would have been impossible unless the new state had been recognized by telegraph.)

6. *The Logical Exploiters*

The people of the United States are the logical exploiters of the Western Hemisphere—the children of destiny for one half the world. They are pressed by economic necessity. They need the oil of Mexico, the coffee of Brazil, the beef of Argentine, the iron of Chile, the sugar of Cuba, the tobacco of Porto Rico, the hemp of Yucatan, the wheat and timber of Canada. In exchange for these commodities the United States is prepared to ship manufactured products. Furthermore, the masters of the United States have an immense and growing surplus that must be invested in some paying field, such as that provided by the mines, agricultural projects, timber, oil deposits, railroad and other industrial activities of Latin-America.

The rulers of the United States are the victims of an economic necessity that compels them to seek and to find raw materials, markets and investment opportunities. They are also the possessors of sufficient economic, financial, military and naval power to make these needs good at their discretion.

The rapidly increasing funds of United States capital invested in Latin-America and Canada, will demand more and more protection. There is but one way for the United States to afford that protection—that is to see that these countries preserve law and order, respect property, and follow the wishes of United States diplomacy. Wherever a government fails in this respect, it will be necessary for the State Department in coöperation with the Navy, to see that a government is established that will "make good."

Under the Monroe Doctrine, as it has long been interpreted, no Latin-American Government will be permitted

to enter into entangling alliances with Europe or Asia. Under the Monroe Doctrine, as it is now being interpreted, no Latin-American people will be permitted to organize a revolutionary government that abolishes the right of private interests to own the oil, coal, timber and other resources. The mere threat of such action by the Carranza Government was enough to show what the policy of the United States must be in such an emergency.

The United States need not dominate politically her weaker sister republics. It is not necessary for her to interfere with their "independence." So long as their resources may be exploited by American capitalists; so long as the investments are reasonably safe; so long as markets are open, and so long as the other necessities of United States capitalism are fulfilled, the smaller states of the Western Hemisphere will be left free to pursue their various ways in prosperity and peace.

XVI. THE AMERICAN CAPITALISTS AND WORLD EMPIRE

1. *The Plutocrats Must Carry On*

THE American plutocrats—those who by force of their wealth share in the direction of public policy—must carry on. They have no choice. If they are to continue as plutocrats, they must continue to rule. If they continue to rule, they must shoulder the duties of rulership. They may not relish the responsibility which their economic position has thrust upon them any more than the sojourners in Newfoundland relish the savage winters. Nevertheless, those who own the wealth of a capitalist nation must accept the results of that ownership just as those who remain in Newfoundland must accept the winter storms.

The owners of American timber, mines, factories, railroads, banks and newspapers may dislike the connotations of imperialism; may believe firmly in the principles of competition and individualism; may yearn for the nineteenth century isolation which was so intimate a feature of American economic life. But their longings are in vain. The old world has passed forever; the sun has risen on a new day—a day of world contacts for the United States.

Henry Cabot Lodge of Massachusetts stated the matter with rare accuracy in a speech which he made during the discussion over the conquest of the Philippines. After explaining that wars come, "never ostensibly, but actually from economic causes," Senator Lodge said (*Congressional Record*, 56th Congress, 2nd Session, p. 637. January 7, 1901):

"We occupy a great position economically. We are marching on to a still greater one. You may impede it,

you may check it, but you cannot stop the work of economic forces. You cannot stop the advance of the United States. . . . The American people and the economic forces which underlie all are carrying us forward to the economic supremacy of the world."

Senator Lodge spoke the economic truth in 1901. William C. Redfield reënforced it in an address before the American Manufacturers Export Association (*Weekly Bulletin,* April 26, 1920, p. 7): "We cannot be foreign merchants very much longer in this country excepting on a diminishing and diminishing scale—we have got to become foreign constructors; we have got to build with American money—foreign enterprises, railroads, utilities, factories, mills, I know not what, in order that by large ownership in them we may command the trade that normally flows from their operation." That is sound capitalist doctrine. Equally sound is the exhortation that follows: "In so doing we shall be doing nothing new—only new for us. That is the way in which Germany and Great Britain have built up their foreign trade."

New it is for America—but it is the course of empire, familiar to every statesman. The lesson which Bismarck, Palmerston and Gray learned in the last century is now being taught by economic pressure to the ruling class of the United States.

The elder generation of American business men was not trained for world domination. To them the lesson comes hard. The business men of the younger generation are picking it up, however, with a quickness born of paramount necessity.

2. *Training Imperialists*

Every great imperial structure has had simple beginnings. Each imperial ruling class has doubtless felt misgivings, during the early years of its authority. Hesitating, uncertain, they have cast glances over their shoulders

towards that which was, but even while they were looking backward the forces that had made them rulers were thrusting them still farther forward along the path of imperial power. Then as generation succeeded generation, the rulers learned their lesson, building a tradition of rulership and authority that was handed down from father to son; acquiring a vision of world organization and world power that gave them confidence to go forward to their own undoing. The masters of public life in Rome were such people; the present masters of British economic and political affairs are such people.

American imperialists still are in the making. Until 1900 their eyes were set almost exclusively upon empire within the United States. Those who, before 1860, dreamed of a slave power surrounding the Gulf of Mexico, were thrust down and their places taken by builders of railroads and organizers of trusts. To-day the sons and grandsons of that generation of exploiters who confined their attention to continental territory, are compelled, by virtue of the organization which their sires and grandsires established, to seek Empire outside the boundaries of North America.

During the years when the leaders of American business life were spending the major part of their time in "getting rich," the sweep of social and economic forces was driving the United States toward its present imperial position. Now the position has been attained, those in authority have no choice but to accept the responsibilities which accompany it.

Economically the United States is a world power. The war and the subsequent developments have forced the country suddenly into a position of leadership among the capitalist nations. The law of capitalism is: Struggle to dispose of your surplus, otherwise you cannot survive. This law has laid its heavy hand upon Great Britain, upon France, upon Germany, and now it has struck with full force into the isolated, provincial life of the United States. It is the law—immutable as the system of gravitation.

While the present system of economic life exists, this law will continue to operate. Therefore the masters of American life have no alternative. If they would survive, they must dispose of their surplus.

Politically the United States is recognized as one of the leaders of the world. Despite its tradition of isolation, despite the unwillingness of its statesmen to enter new paths, despite the indifference of its people to international affairs, the resources and raw materials required by the industrial nations of Europe, the rapidly growing surplus and the newly acquired foreign markets and investments make the United States an integral part of the life of the world.

The ruling class in the United States has no more choice than the rulers of a growing city whose boundaries are extending with each increment of population. If it is to continue as a ruling class, it must accept conditions as they are. The first of these conditions is that the United States is a world power neither because of its virtue nor because of its intelligence in the delicacies of the world politics, but because of the sheer might of its economic organization.

Economic necessity has forced the United States into the front rank among the nations of the world. Economic necessity is forcing the ruling class of the United States to occupy the position of world leadership, to strengthen it, to consolidate it, and to extend it at every opportunity. The forces that played beside the yellow Tiber and the sluggish Nile are very much the same as those which led Napoleon across the wheat fields of Europe and that are to-day operating in Paris, London, and in New York. The forces that pushed the Roman Empire into its position of authority and led to the organization of Imperial Britain are to-day operating with accelerated pace in the United States. The sooner the American people, and particularly those who are directing public policy, wake up to this simple but essential fact, the sooner will doubt and misunderstanding be removed, the sooner will the issues be drawn and the nation's course be charted.

3. *The Logical Goal*

The logical goal of the American plutocracy is the economic and incidentally the political control of the world. The rulers of Macedon and Assyria, Rome and Carthage, of Britain and France labored for similar reasons to reach this same goal. It is economic fate. Kings and generals were its playthings, obeying and following the call of its destiny.

The rulers of antiquity were limited by a lack of transportation facilities; their "world" was small, including the basin of the Mediterranean and the land surrounding the Persian Gulf and the Indian Ocean, nevertheless, they set out, one after another, to conquer it. To-day the rapid accumulation of surplus and the speed and ease of communication, the spread of world knowledge and the larger means of organization make it even more necessary than it was of old for the rulers of an empire to find a larger and ever larger place in the sun. The forces are more pressing than ever before. The times call more loudly for a genius with imagination, foresight and courage who will use the power at his disposal to write into political history the gains that have already been made a part of economic life. Let such a one arise in the United States, in the present chaos of public thought, and he could not only himself dictate American public policy for the remainder of his life, but in addition, he could, within a decade, have the whole territory from the Canadian border to the Panama Canal under the American Flag, either as conquered or subject territory; he could establish a Chinese wall around South American trade and opportunities by a very slight extension of the Monroe Doctrine; he could have in hand the problem of an economic if not a political union with Canada, and could be prepared to measure swords with the nearest economic rival, either on the high seas or in any portion of the world where it might prove necessary to join battle.

Such a program would be a departure from the traditions of American public life, but the traditions, built by a nation of farmers, have already lost their significance. They are historic, with no contemporary justification. The economic life that has grown up since 1870 of necessity will create new public policies.

The success of such a program would depend upon four things:

1. A coördination of American economic life.

2. A fast grip on the agencies for shaping public opinion.

3. A body of citizens, martial, confident, restless, ambitious.

4. A ruling class with sufficient imagination to paint, in warm sympathetic colors, the advantages of world dominion; and with sufficient courage to follow out imperial policy, regardless of ethical niceties, to its logical goal of world conquest.

All four of these requisites exist in the United States to-day, awaiting the master hand that shall unite them. Many of the leaders of American public life know this. Some shrink from the issue, because they are unaccustomed to dream great dreams, and are terrified by the immensity of large thoughts. Others lack the courage to face the new issues. Still others are steadily maneuvering themselves into a position where they may take advantage of a crisis to establish their authority and work their imperial will. The situation grows daily more inviting; the opportunity daily more alluring. The war-horse, saddled and bridled, is pawing the earth and neighing. How soon will the rider come?

4. *Eat or Be Eaten*

The American ruling class has been thrown into a position of authority under a system of international economic competition that calls for initiative and courage. Under this system, there are two possibilities,—eat or be eaten!

There is no middle ground, no half way measure. It is impossible to stop or to turn back. Like men engaged on a field of battle, the contestants in this international economic struggle must remain with their faces toward the enemy, fighting for every inch that they gain, and holding these gains with their bodies and their blood, or else they must turn their backs, throw away their weapons, run for their lives, and then, hiding on the neighboring hills, watch while the enemy despoils the camp, and then applies a torch to the ruins.

The events of the great war prove, beyond peradventure, that in the wolf struggle among the capitalist nations, no rules are respected and no quarter given. Again and again the leaders among the allied statesmen—particularly Mr. Lloyd George and Mr. Wilson—appealed to the German people over the heads of their masters with assurances that the war was being fought against German autocracy, not against Germans. "When will the German people throw off their yoke?" asked one Allied diplomat. The answer came in November, 1918. A revolution was contrived, the Kaiser fled the country, the autocracy was overthrown. Germans ceased to fight with the understanding that Mr. Wilson's Fourteen Points should be made the foundation of the Peace. The armistice terms violated the spirit if not the letter of the fourteen points; the Peace Treaty scattered them to the winds. Under its provisions Germany was stripped of her colonies; her investments in the allied possessions were confiscated; her ships were taken; three-quarters of her iron ore and a third of her coal supply were turned over to other powers; motor trucks, locomotives, and other essential parts of her economic mechanism were appropriated. Austria suffered an even worse fate, being "drawn and quartered" in the fullest sense of the term. After stripping the defeated enemies of all available booty, levying an indeterminate indemnity, and dismembering the German and Austrian Empires, the Allies established for thirty years a Reparation Commission, which is virtually the economic dictator of Europe. Thus for a generation to come, the economic life of the vanquished

Empires will be under the active supervision and control of the victors. Never did a farmer's wife pluck a goose barer than the Allies plucked the Central Powers. (See the Treaty, also "The Economic Consequences of the Peace," J. M. Keynes. New York, Harcourt, Brace & Howe, 1920.)

Under the armistice terms and the Peace Treaty the Allies did to Germany and Austria exactly what Germany and Austria would have done to France and Great Britain had the war turned out differently. The Allied statesmen talked much about democracy, but when their turn came they plundered and despoiled with a practiced imperial hand. France and Britain, as well as Germany and Austria, were capitalist Empires. The Peace embodies the essential economic morality of capitalist imperialism, the morality of "Eat or be eaten."

5. *The Capitalists and War*

The people and even the masters of America are inexperienced in this international struggle. Among themselves they have experimented with competitive industrialism on a national scale. Now, brought face to face with the world struggle, many of them revolt against it. They deplore the necessities that lead nations to make war on one another. They supported the late war "to end war." They gave, suffered and sacrificed with a keen, idealistic desire to "make the world safe for democracy." They might as well have sought to scatter light and sunshine from a cloudbank.

The masters of Europe, who have learned their trade in long years of intrigue, diplomacy and war, feel no such repugnance. They play the game. The American people are of the same race-stocks as the leading contestants in the European struggle. They are not a whit less ingenious, not a whit less courageous, not a whit less determined. When practice has made them perfect they too will play

the game just as well as their European cousins and their play will count for more because of the vast economic resources and surpluses which they possess.

American statesmen in the field of international diplomacy are like babies, taking their first few steps. Later the steps come easier and easier, until a child, who but a few months ago could not walk, has learned to romp and sport about. The masters of the United States are untrained in the arts of international intrigue. They showed their inferiority in the most painful way during the negotiations over the Paris Treaty. They are as yet unschooled in international trade, banking and finance. They are also inexperienced in war, yet, having only raw troops, and little or no equipment, within two years they made a notable showing on the battlefields of Europe. Now they are busy learning their financial lessons with an equal facility. A generation of contact with world politics will bring to the fore diplomats capable of meeting Europe's best on their own ground. What Europe has learned, America can learn; what Europe has practiced, America can practice, and in the end she may excel her teachers.

To-day economic forces are driving relentlessly. Surplus is accumulating in a geometric ratio—surplus piling on surplus. This surplus must be disposed of. While the remainder of the world—except Japan—is staggering under intolerable burdens of debt and disorganization, the United States emerges almost unscathed from the war, and prepares in dead earnest to enter the international struggle,—to play at the master game of "eat or be eaten."

Pride, ambition and love of gain and of power are pulling the American plutocrats forward. The world seems to be within their grasp. If they will reach out their hands they may possess it! They have assumed a great responsibility. As good Americans worthy of the tradition of their ancestors, they must see this thing through to the end! They must win, or die in the attempt; and it is in this spirit that they are going forward.

The American capitalists do not want war with Great

Britain or with any other country. They are not seeking war. They will regret war when it comes.

War is expensive, troublesome and dangerous. The experiences of Europe in the War of 1914 have taught some lessons. The leaders and thinkers among the masters of America have visited Europe. They have seen the old institutions destroyed, the old customs uprooted, the old faiths overturned. They have seen the economic order in which they were vitally concerned hurled to the earth and shattered. They have seen the red flag of revolution wave where they had expected nothing but the banner of victory. They have seen whole populations, weary of the old order, throw it aside with an impatient gesture and bring a new order into being. They have good reasons to understand and fear the disturbing influences of war. They have felt them even in the United States—three thousand miles away from the European conflict. How much more pressing might this unrest be if the United States had fought all through the war, instead of coming in when it was practically at an end!

Then there is always the danger of losing the war—and such a loss would mean for the United States what it has meant for Germany—economic slavery.

Presented with an opportunity to choose between the hazards of war and the certainties of peace most of the capitalist interests in the United States would without question choose peace. There are exceptions. The manufacturers of munitions and of some of the implements and supplies that are needed only for war purposes, undoubtedly have more to gain through war than through peace, but they are only a small element in a capitalist world which has more to gain through peace than through war.

But the capitalists cannot choose. They are embedded in an economic system which has driven them—whether they liked it or not—along a path of imperialism. Once having entered upon this path, they are compelled to follow it into the sodden mire of international strife.

6. *The Imperial Task*

The American ruling class—the plutocracy—must plan to dominate the earth; to exploit it, to exact tribute from it. Rome did as much for the basin of the Mediterranean. Great Britain has done it for Africa and Australia, for half of Asia, for four million square miles in North America. If the people of one small island, poorly equipped with resources, can achieve such a result, what may not the people of the United States hope to accomplish?

That is the imperial task.

1. American economic life must be unified. Already much of this work has been done.
2. The agencies for shaping public opinion must be secured. Little has been left for accomplishment in this direction.
3. A martial, confident, restless, ambitious spirit must be generated among the people. Such a result is being achieved by the combination of economic and social forces that inhere in the present social system.
4. The ruling class must be schooled in the art of rulership. The next two generations will accomplish that result.

The American plutocracy must carry on. It must consolidate its gains and move forward to greater achievements, with the goal clearly in mind and the necessities of imperial power thoroughly mastered and understood.

XVII. THE NEW IMPERIAL ALIGNMENT

1. *A Survey of the Evidence*

THROUGH the centuries empires have come and gone. In each age some nation or people has emerged—stronger, better organized, more aggressive, more powerful than its neighbors—and has conquered territory, subjugated populations, and through its ruling class has exploited the workers at home and abroad.

Europe has been for a thousand years the center of the imperial struggle,—the struggle which called into being the militarism so hated by the European peoples. It was from that struggle that millions fled to America, where they hoped for liberty and peace.

The eighteenth century witnessed the rise of Great Britain to a position of world authority. During the nineteenth century she held her place against all rivals. With the assistance of Prussia, she overthrew Napoleon at Waterloo. In the Crimean War and the Russo-Japanese War she halted the power of the Czar. Half a century after Waterloo Germany, under the leadership of Prussia won the Franco-Prussian War, and by that act became the leading rival of the British Empire. Following the war, which gave Germany control of the important resources included in Alsace and Lorraine, there was a steady increase in her industrial efficiency; the success of her trade was as pronounced as the success of her industries, and by 1913 the Germans had a merchant fleet and a navy second only to those of Great Britain.

Germany's economic successes, and her threat to build a railroad from Berlin to Bagdad and tap the riches of the East, led the British to form alliances with their traditional enemies—the French and the Russians. Russia, after the

breakdown of Czarism in 1917, dropped out of the Entente, and the United States took her place among the Allies of the British Empire. During the struggle France was reduced to a mere shell of her former power. The War of 1914 bled her white, loaded her with debt, disorganized her industries, demoralized her finances, and although it restored to her important mineral resources, it left her too weak and broken to take real advantage of them.

The War of 1914 decided the right of Great Britain to rule the Near East as well as Southern Asia and the strategic points of Africa. In the stripping of the vanquished and in the division of the spoils of war the British lion proved to be the lion indeed. But the same forces that gave the British the run of the Old World called into existence a rival in the New.

People from Britain, Germany and the other countries of Northern Europe, speaking the English language and fired with the conquering spirit of the motherland, had been, for three centuries, taming the wilderness of North America. They had found the task immense, but the rewards equally great. When the forces of nature were once brought into subjection, and the wilderness was inventoried, it proved to contain exactly those stores that are needed for the success of modern civilization. With the Indians brushed aside, and the Southwest conquered from Mexico, the new ruling class of successful business men established itself, and the matter of safeguarding property rights, of building industrial empires and of laying up vast stores of capital and surplus followed as a matter of course.

Europe, busy with her own affairs, paid little heed to the New World, except to send to it some of her most rugged stock and much of her surplus wealth. The New World, left to itself, pursued its way—in isolation, and with an intensity proportioned to the size of the task in hand and the richness of the reward.

The Spanish War in 1898 and the performance of the Canadians in the Boer War of 1899 astounded the world,

but it was the War of 1914 that really waked the Europeans to the possibilities of the Western peoples. The Canadians proved their worth to the British armies. The Americans showed that they could produce prodigious amounts of the necessaries of war, and when they did go in, they inaugurated a shipping program, raised and dispatched troops, furnished supplies and provided funds to an extent which, up to that time, was considered impossible. The years from 1914 to 1918 established the fact that there was, in the West, a colossus of economic power.

2. *The New International Line-Up*

There are four major factors in the new international line-up. The first is Russia; the second is the Japanese Empire; the third is the British Empire and the fourth is the American Empire. Italy has neither the resources, the wealth nor the population necessary to make her a factor of large importance in the near future. France is too weak economically, too overloaded with debt and too depleted in population to play a leading rôle in world affairs.

The Russian menace is immediate. Bolshevism is not only the antithesis of Capitalism but its mortal enemy. If Bolshevism persists and spreads through Central Europe, India and China, capitalism will be wiped from the earth.

A federation of Russia, the Baltic states, the new border provinces, and the Central Empires on a socialist basis would give the socialist states of central and northern Europe most of the European food area, a large portion of the European raw material area and all of the technical skill and machinery necessary to make a self-supporting economic unit. The two hundred and fifty millions of people in Russia and Germany combined in such a socialist federation would be as irresistible economically as they would be from a military point of view.

Such a Central European federation, developing as it must along the logical lines that lead into India and China

would be the strongest single unit in the world, viewed from the standpoint of resources, of population, of productive power or of military strength. The only possible rivals to such a combination would be the widely scattered forces of the British Empire and the United States, separated from it by the stretches of the Atlantic Ocean. Against such a grouping Japan would be powerless because it would deprive her of the source of raw materials upon which she must rely for her economic development. Great Britain with her relatively small population and her rapidly diminishing resources could make no head against such a combination even with the assistance of her colonial empire. Northern India is as logical a home for Bolshevism as Central China or South-eastern Russia. Connect European Russia, Germany, Austria-Hungary, Siberia, India and China with bonds that make effective coöperation possible and these countries—containing nearly two-thirds of the population of the world, and possessed of the resources necessary to maintain a modern civilization—could laugh at outside interference.

Two primary difficulties confront the organizers of the Federated Socialist Republics of Europe and Asia. One is nationality, language, custom and tradition, together with the ancient antagonisms which have been so carefully nurtured through the centuries. The other is the frightful economic disorganization prevalent throughout Central Europe,—a disorganization which would be increased rather than diminished by the establishment of new forms of economic life. Even if such an organization were perfected, it must remain, for a long time to come, on a defensive basis.

3. *The Yellow Peril*

The "yellow peril" thus far is little more than the Japanese menace to British and American trade in the Far East. The Japanese Archipelago is woefully deficient in coal, iron, petroleum, water power and agricultural land. The country is over-populated and must depend for its

supplies of food and raw materials upon continental Asia. There seems to be no probability that Japan and China can make any effective working agreement in the near future that will constitute an active menace to the supremacy of the white race. Alone Japan is too weak in resources and too sparse in population. Combined with China she would be formidable, but her military policy in Korea and in the Shantung Province have made any effective coöperation with China at least temporarily impossible.

Furthermore, the Japanese are not seeking world conquest. On the contrary, they are bent upon maintaining their traditional aloofness by having a Monroe Doctrine for the East. This doctrine will be summed up in the phrase, "The East for the Easterners,"—the easterners being the Japanese. Such a policy would prove a serious menace to the trade of the United States and of Great Britain. It would prove still more of a hindrance to the investment of American and British capital in the very promising Eastern enterprises, and would close the door on the Western efforts to develop the immense industrial resources of China. The recent "Chinese Consortium," in which Japan joined with great reluctance, suggests that the major capitalist powers have refused to recognize the exclusive right of Japan to the economic advantages of the Far East. How seriously this situation will be taken by the United States and Great Britain depends in part upon the vigor with which Japan prosecutes her claims and in part upon the preoccupation of these two great powers with Bolshevism in Europe and with their own competitive activities in ship building, trade, finance and armament.

4. *The British and the American Empires*

The two remaining major forces in world economics and politics are the British Empire and the American Empire, —the mistress of the world, and her latest rival in the competition for world power. Between them, to-day, most of the world is divided. The British Empire includes the

Near East, Southern Asia, Africa, Australia and half of North America. Dogging her are Germany, France, Russia and Italy, and, as she goes to the Far East,—Japan. The United States holds the Western Hemisphere, where she is supreme, with no enemy worthy the name.

The British power was shaken by the War of 1914. Never, in modern times, had the British themselves, been compelled to do so much of the actual fighting. The war debt and the disorganization of trade incident to the war period proved serious factors in the curtailment of British economic supremacy. At the same time, the territorial gains of the British were enormous, particularly in the Near East.

The Americans secured real advantages from the war. They grew immensely rich in profiteering during the first three years, they emerged with a relatively small debt, with no great loss of life, and with the greatest economic surpluses and the greatest immediate economic advantages possessed by any nation of the world.

The British Empire was the acknowledged mistress of the world in 1913. Her nearest rival (Germany) had one battleship to her two; one ton of merchant shipping to her three, and two dollars of foreign investments to her five. This rivalry was punished as the successive rivals of the British Empire have been punished for three hundred years.

The war was won by the British Empire and her Allies, but in the hour of victory a new rival appeared. By 1920 that rival had a naval program which promised a fleet larger than the British fleet in 1924 or 1925; within three years she had increased her merchant tonnage to two-thirds of the British tonnage, and her foreign investments were three times the foreign investments of Great Britain. This new rival was the American Empire—whose immense economic strength constituted an immediate threat to the world power of Great Britain.

5. *The Next Incident in the Great War*

Some nation, or some group of nations has always been in control of the known world or else in active competition for the right to exercise such a control. The present is an era of competition.

Capitalism has revolutionized the world's economic life. By 1875 the capitalist nations were in a mad race to determine which one should dominate the capitalist world and have first choice among the undeveloped portions of the earth. The competitors were Great Britain, Germany, France, Russia and Italy. Japan and the United States did not really enter the field for another generation.

The War of 1914 decided this much:—that France and Italy were too weak to play the big game in a big way, that Germany could not compete effectively for some time to come; that the Russians would no longer play the old game at all. There remained Japan, Great Britain and the United States and it is among these three nations that the capitalist world is now divided. Japan is in control of the Far East. Great Britain holds the Near East, Africa and Australia; the United States dominates the Western Hemisphere.

The Great War began in 1914. It will end when the question is decided as to which of these three empires will control the Earth.

Great Britain has been the dominant factor in the world for a century. She gained her position after a terrific struggle, and she has maintained it by vanquishing Holland, Spain, France and Germany.

The United States is out to capture the economic supremacy of the earth. Her business men say so frankly. Her politicians fear that their constituents are not as yet ready to take such a step. They have been reassured, however, by the presidential vote of November, 1920. Ameri-

can business life already is imperial, and political sentiment is moving rapidly in the same direction.

Great Britain holds title to the pickings of the world. America wants some or all of them. The two countries are headed straight for a conflict, which is as inevitable as morning sunrise, unless the menace of Bolshevism grows so strong, and remains so threatening that the great capitalist rivals will be compelled to join forces for the salvation of capitalist society.

As economic rivalries increase, competition in military and naval preparation will come as a matter of course. Following these will be the efforts to make political alliances—in the East and elsewhere.

These two countries are old time enemies. The roots of that enmity lie deep. Two wars, the white hot feeling during the Civil War, the anti-British propaganda, carried, within a few years, through the American schools, the traditions among the officers in the American navy, the presence of 1,352,251 Irish born persons in the United States (1910), the immense plunder seized by the British during the War of 1914,—these and many other factors will make it easy to whip the American people into a war-frenzy against the British Empire.

Were there no economic rivalries, such antagonisms might slumber for decades, but with the economic struggle so active, these other matters will be kept continually in the foreground.

The capitalists of Great Britain have faced dark days and have surmounted huge obstacles. They are not to be turned back by the threat of rivalry. The American capitalists are backed by the greatest available surpluses in the world; they are ambitious, full of enthusiasm and energy, they are flushed with their recent victory in the world war, and overwhelmed by the unexpected stores of wealth that have come to them as a result of the conflict. They are imbued with a boundless faith in the possibilities of their country. Neither Great Britain nor the United States is

in a frame of mind to make concessions. Each is confident —the British with the traditional confidence of centuries of world leadership; the Americans with the buoyant, idealistic confidence of youth. It is one against the other until the future supremacy of the world is decided.

6. *The Imperial Task*

American business interests are engaged in the work of building an international business structure. American industry, directed from the United States, exploiting foreign resources for American profit, and financed by American institutions, is gaining a footing in Latin America, in Europe and Asia.

The business men of Rome built such a structure two thousand years ago. They competed with and finally crushed their rivals in Tyre, Corinth and Carthage. In the early days of the Empire, they were the economic masters, as well as the political masters of the known world.

Within two centuries the business men of Great Britain have built an international business structure that has known no equal since the days of the Cæsars. Perhaps it is greater, even, than the economic empire of the Romans. At any rate, for a century that British empire of commerce and industry has gone unchallenged, save by Germany. Germany has been crushed. But there is an industrial empire rising in the West. It is new. Its strength is as yet undetermined. It is uncoördinated. A new era has dawned, however, and the business men of the United States have made up their minds to win the economic supremacy of the earth.

Already the war is on between Great Britain and the United States. The two countries are just as much at war to-day as Great Britain and Germany were at war during the twenty years that preceded 1914. The issues are essentially the same in both cases,—commercial and economic in character, and it is these economic and com-

mercial issues that are the chief causes of modern military wars—that are in themselves economic wars which may at any moment be transferred to the military arena.

British capitalists are jealously guarding the privileges that they have collected through centuries of business and military conflict. The American capitalists are out to secure these privileges for themselves. On neither side would a military settlement of the issue be welcomed. On both sides it would be regarded as a painful necessity. War is an incident in imperialist policy. Yet the position of the imperialist as an international exploiter depends upon his ability to make war successfully. War is a part of the price that the imperialist must pay for his opportunity to exploit and control the earth.

After Sedan, it was Germany versus Great Britain for the control of Europe. After Versailles it is the United States versus Great Britain for the control of the capitalist earth. Both nations must spend the next few years in active preparation for the conflict.

The governments of Great Britain and the United States are to-day on terms of greatest intimacy. Soon an issue will arise—perhaps over Mexico, perhaps over Persia, perhaps over Ireland, perhaps over the extension of American control in the Caribbean. There is no difficulty of finding a pretext.

Then there will follow the time-honored method of arousing the people on either side to wrath against those across the border. Great Britain will point to the race-riots and negro-lynchings in America as a proof that the people of the United States are barbarians. British editors will cite the wanton taking of the Canal Zone as an indication of the willingness of American statesmen to go to any lengths in their effort to extend their dominion over the earth. The newspapers of the United States will play up the terrorism and suppression in Ireland and there are many Irishmen more than ready to lend a hand in such an enterprise; tyranny in India will come in for a generous share of comment; then there are the relations between Great

Britain and the Turks, and above all, there are the evidences in the Paris Treaty of the way in which Great Britain is gradually absorbing the earth. Unless the power of labor is strong enough to turn the blow, or unless the capitalists decide that the safety of the capitalist world depends upon their getting together and dividing the plunder, the result is inevitable.

The United States is a world Empire in her own right. She dominates the Western Hemisphere. Young and inexperienced, she nevertheless possesses the economic advantages and political authority that give her a voice in all international controversies. Only twenty years have passed since the organizing genius of America turned its attention from exclusively domestic problems to the problems of financial imperialism that have been agitating Europe for a half a century. The Great War showed that American men make good soldiers, and it also showed that American wealth commands world power.

With the aid of Russia, France, Japan and the United States Great Britain crushed her most dangerous rival—Germany. The struggle which destroyed Germany's economic and military power erected in her stead a more menacing economic and military power—the United States. Untrained and inexperienced in world affairs, the master class of the United States has been placed suddenly in the title rôle. America over night has become a world empire and over night her rulers have been called upon to think and act like world emperors. Partly they succeeded, partly they bungled, but they learned much. Their appetites were whetted, their imaginations stirred by the vision of world authority. To-day they are talking and writing, to-morrow they will act—no longer as novices, but as masters of the ruling class in a nation which feels herself destined to rule the earth.

The imperial struggle is to continue. The Japanese Empire dominates the Far East; the British Empire dominates Southern Asia, the Near East, Africa and Australia; the American Empire dominates the Western

Hemisphere. It is impossible for these three great empires to remain in rivalry and at peace. Economic struggle is a form of war, and the economic struggle between them is now in progress.

7. *Continuing the Imperial Struggle*

The War of 1914 was no war for democracy in spite of the fact that millions of the men who died in the trenches believed that they were fighting for freedom. Rather it was a war to make the world safe for the British Empire. Only in part was the war successful. The old world was made safe by the elimination of Britain's two dangerous rivals—Germany and Russia; but out of the conflict emerged a new rival—unexpectedly strong, well equipped and eager for the conflict.

The war did not destroy imperialism. It was fought between five great empires to determine which one should be supreme. In its result, it gave to Great Britain rather than to Germany the right to exploit the undeveloped portions of Asia and of Africa.

The Peace—under the form of "mandates"—makes the process of exploitation easier and more legal than it ever has been in the past. The guarantees of territorial integrity, under the League Covenant, do more than has ever been done heretofore to preserve for the imperial masters of the earth their imperial prerogatives.

New names are being used but it is the old struggle. Egypt and India helped to win the war, and by that very process, they fastened the shackles of servitude more firmly upon their own hands and feet. The imperialists of the world never had less intention than they have to-day of quitting the game of empire building. Quite the contrary—a wholly new group of empire builders has been quickened into life by the experiences of the past five years.

The present struggle for the possession of the oil fields of the world is typical of the economic conflicts that are involved in imperial struggles. For years the capitalists

of the great investing nations have been fighting to control the oil fields of Mexico. They have hired brigands, bought governors, corrupted executives. The war settled the Mexican question in favor of the United States. Mexico, considered internationally, is to-day a province of the American Empire.

During the blackest days of the war, when Paris seemed doomed, the British divided their forces. One army was operating across the deserts of the Near East. For what purpose? When the Peace was signed, Great Britain held two vantage points—the oil fields of the Near East and the road from Berlin to Bagdad.

The late war was not a war to end war, nor was it a war for disarmament. German militarism is not destroyed; the appropriations for military and naval purposes, made by the great nations during the last two years, are greater than they have ever been in any peace years that are known to history.

The world is preparing for war to-day as actively as it was in the years preceding the War of 1914. The years from 1914 to 1918 were the opening episodes; the first engagements of the Great War.

There is no question, among those who have taken the trouble to inform themselves, but that the War of 1914 was fought for economic and commercial advantage. The same rivalries that preceded 1914 are more active in the world to-day than ever before. Hence the possibilities of war are greater by exactly that amount. The imperial struggle is being continued and a part of the imperial struggle is war.

8. *Again!*

This monstrous thing called war will occur again! Not because any considerable number of people want it, not even because an active minority wills it, but because the present system of competitive capitalism makes war inevitable. Economic rivalries are the basis of modern wars and economic rivalries are the warp and woof of capitalism.

To-day the rivalries are economic—in the fields of commerce and industry and finance. To-morrow they will be military.

Already the nations have begun the competition in the building of tanks, battleships and airplanes. These instruments of destruction are built for use, and when the time comes, they will be used as they were between 1914 and 1918.

Again there will be the war propaganda—subtle at first, then more and more open. There will be stories of atrocities; threats of world conquest. "Preparedness" will be the cry.

Again there will be the talk of "My country, right or wrong"; "Stand behind the President"; "Fall in line"; "Go over the top!"

Again fear will stalk through the land, while hate and war lust are whipped into a frenzy.

Again there will be conscription, and the straightest and strongest of the young men will leave their homes and join the colors.

Again the most stalwart men of the nations will "dig themselves in" and slaughter one another for years on end.

Again the truth-tellers will be mobbed and jailed and lynched, while those who champion the cause of the workers will be served with injunctions if they refuse to sell out to the masters.

Again the profiteers will stop at home and reap their harvests out of the agony and the blood of the nation.

Again, when the killing is over, a few old men, sitting around a table, will carve the world—stripping the vanquished while they reward the victors.

Again the preparations will begin for the next war. The people will be fed on promises, phrases and lies. They will pay and they will die for the benefit of their masters, and thus the terrible tragedy of imperialism will continue to bathe the world in tears and in blood.

XVIII. THE CHALLENGE TO IMPERIALISM

1. *Revolutionary Protest*

Since the Franco-Prussian War the people of Europe have been waking up to the failure of imperialism. The period has been marked by a rapid growth of Socialism on the continent and of trade-unionism in Great Britain. Both movements are expressions of an increasing working-class solidarity; both voice the sentiments of internationalism that were sounded so loudly during the revolutionary period of the eighteenth century.

The rapid growth of the European labor movement worried the autocrats and imperialists. Bismarck suppressed it; the Russian police tortured it. Despite all of the efforts to check it or to crush it, the revolutionary movement in Europe gained force. The speeches and writings of the leaders were directed against the capitalist system, and the rank and file of the workers, rendered sharply class conscious by the traditions of class rule, responded to the appeal by organizing new forms of protest.

The first revolutionary wave of the twentieth century broke in Russia in 1905. The Russian Revolution of 1917 destroyed the old régime and replaced it first by a moderate or liberal and then by a radical communist control. Like all of the proletarian movements in Europe the Russian revolutionary movement was directed against "capitalism" and "imperialism" and despite the fact that there was no considerable development of the capitalist system in Russia, its imperial organization was so thoroughgoing, and the imperial attitude toward the working class had been so brutally revealed during the revolutionary demonstrations in 1905, that the people reacted with a true Slavic intensity against the despotism that they knew, which was that of an autocratic, feudal master-class.

The international doctrines of the new Russian régime were expressed in the phrase "no forcible annexations, no punitive indemnities, the free development of all peoples." The keynote of its internal policy is contained in Section 16 of the Russian Constitution, which makes work the duty of every citizen of the Republic and proclaims as the motto of the new government the doctrine, "He that will not work neither shall he eat." The franchise is restricted. Only workers (including housekeepers) are permitted to vote. Profiteers and exploiters are specifically denied the right to vote or to hold office. Resources are nationalized together with the financial and industrial machinery of Russia. The Bill of Rights contained in the first section of the Russion Constitution is a pronouncement in favor of the liberty of the workers from every form of exploitation and economic oppression.

The Russian revolution was directed against capitalism in Russia and against imperialism everywhere. This dramatic assault upon capitalist imperialism centered the eyes of the world upon Russia, making her experiment the outstanding feature of a period during which the workers were striving to realize the possibilities of a more abundant life for the masses of mankind.

2. *Outlawing Bolshevism*

Capitalist diplomats were wary of the Kerensky régime because they did not feel certain how far the Russian people intended to go. The triumph of the Bolsheviki made the issue unmistakably clear. There could be no peace between Bolshevism and capitalism. From that day forward it was a struggle to determine which of the two economic systems should survive.

During the years 1918 and 1919 the capitalist world organized one of the most effective advertising campaigns that has ever been staged. Every shred of evidence that, by any stretch of the imagination, could be distorted into an attack upon the Bolshevist régime, was scattered broad-

cast over the world. Where evidence was lacking, rumor and innuendo were employed. The leading newspapers and magazines, prominent statesmen, educators, clergymen, scientists and public men in every walk of life went out of their way to denounce the Russian experiment in very much the same manner that the propertied interests of Europe had denounced the French experiment during the years that followed 1789.

All of the great imperialist governments had at their disposal a vast machinery for the purveying of information—false or true as the case might demand. This public machinery like the machinery of private capitalism was turned against Bolshevism. The capitalist governments went farther by backing with money and supplies the counter revolutionary forces under Yudenich, Denekine, Seminoff, and Kolchak. Allied expeditions were landed on the soil of European and Asiatic Russia "to free the Russian people from the clutches of the Bolsheviki." A blockade was declared in which the Germans were invited to join (after the signing of the armistice), and the whole capitalist world united to starve into submission the men, women and children of revolutionary Russia.

No event of recent times, not even the holy war against the autocracy of militarist Germany, had created such a unanimity of action among the Western nations. Bolshevism threatened the very existence of capitalism and as such its destruction became the first task of the capitalist world.

The collapse of the capitalist efforts to destroy socialist Russia reflects the power of a new idea over the ancient form. The Allied expeditions into Russia met with hostility instead of welcome. The counter-revolutionary forces were overwhelmed by the red army. The buffer states made peace. The Allied soldiers mutinied when called upon to take part in a war against the forces of revolutionary Russia. "Holy Russia" became holy Russia indeed—recognized and respected by the proletarian forces throughout Europe.

3. *The New Europe*

Russia is the dramatic center of the European movement against capitalist imperialism, but the movement is not confined to Russia. Its activities are extended into every important country on the continent.

Since March, 1917, when the first revolution occurred in Russia, absolute monarchy and divine, kingly rights have practically disappeared from Europe. Before the Russian Revolution, four-fifths of the people of Europe were under the sway of monarchs who exercised dictatorial power over the domestic and foreign affairs of their respective nations. Within two years, the Hohenzollerns, the Hapsburgs and the Romanoffs were driven from the thrones of Germany, of Austria and of Russia. Other rulers of lesser importance followed in their wake, until to-day, the old feudal power that held the political control over most of Europe in 1914 has practically disappeared.

This is the obvious thing—a revolution in the form of political government—the kind of revolution with which history usually deals.

But there is another revolution proceeding in Europe, far more important because more fundamental—the economic and social revolution; the change in the form of breadwinning; the change in the relation between a man and the tools that he uses to earn his livelihood.

Every one knows, now, that Czars and Kaisers and Emperors did not really control Europe before 1914, except in so far as they yielded to bankers and to business men. The crown and the scepter gave the appearance of power, but behind them were concessions, monopolies, economic preferments, and special privilege. The European revolution that began in 1917 with the Czar, did not stop with kings. It began with them because they were in such plain sight, but when it had finished with them it went right on to the bankers and the business men.

War is destruction, organized and directed by the best brains available. It is merry sport for the organizers and for some of the directors, but like any other destructive agent, it may get out of hand. The War of 1914 was to last for six weeks. It dragged on for five years, and the wars that have grown out of it are still continuing. In the course of those five years, the war destroyed the capitalist system of continental Europe. Patches and shreds of it remained, but they were like the topless, shattered trees on the scarred battle-fields. They were remnants—nothing more. In the first place, the war destroyed the confidence of the people in the capitalist system; in the second place, it smashed up the political machinery of capitalism; in the third place, it weakened or destroyed the economic machinery of capitalism.

Each government, to win the war, lied to its people. They were told that their country was invaded. They were assured that the war would be a short affair. Besides that, there were various reasons given for the struggle—it was a war to end war; it was a war to break the iron ring that was crushing a people; it was a war for liberty; it was a struggle to make the world safe for democracy.

Not a single important promise of the war was fulfilled, save only the promise of victory. Hundreds of millions, aroused to the heights of an exalted idealism, came back to earth only to find themselves betrayed. With less promise and more fulfillment; with at least an appearance of statesmanship; with some respect for the simple moralities of truth-telling, fair-dealing, and common honor, there might have been some chance for the capitalist system to retain the confidence of the peoples of war-torn Europe, even in the face of the Russian Revolution; but each of these things was lacking, and as one worker put it: "I don't know what Bolshevism is, but it couldn't be any worse than what we have now, so I'm for it!"

Such a loss of public confidence would have proved a serious blow to any social system, even were it capable of immediately reëstablishing normal conditions of living

among the people. In this case, the same events that destroyed public confidence in the capitalist system, destroyed the system itself.

The old political forms of Europe—the czars, emperors and kaisers, who stood as the visible symbols of established order and civilization, were overthrown during the war. The economic forces—the banks and business men—had used these forms for the promotion of their business enterprises. Capitalism depended on czars and kaisers as a blacksmith depends on his hammer. They were among the tools with which business forged the chains of its power. They were the political side of the capitalist system. While the people accepted them and believed in them, the business interests were able to use these political tools at will. The tools were destroyed in the fierce pressure of war and revolution, and with them went one of the chief assets of the European capitalists.

There was a third breakdown—far more important than the break in the political machinery of the capitalist system —and that was the annihilation of the old economic life.

Economic life is, in its elements, very simple. Raw materials—iron ore, copper, cotton, petroleum, coal and wheat —are converted, by some process of labor, into things that feed, clothe and house people. There are four stages in this process—raw materials; manufacturing; transportation; marketing. If there is a failure in one of the four, all of the rest go wrong, as is very clearly illustrated whenever there is a great miners' or railroad workers' strike, or when there is a failure of a particular crop. During the war, all four of these economic stages went wrong.

Between the years 1914 and 1918 the people of Europe busied themselves with a war that put their economic machine out of the running.

For a hundred years the European nations had been busy building a finely adjusted economic mechanism; population, finance, commerce—all were knit into the same system. This system the war demolished, and the years that have

followed the Armistice have not seen it rebuilt in any essential particular, save in Great Britain and in some of the neutral countries.

Not only were the European nations unable to give commodities in exchange for the things they needed but the machinery of finance, by means of which these transactions were formerly facilitated, was crippled almost beyond repair. Under the old system buying and selling were carried on by the use of money, and money ceased to be a stable medium of exchange in Europe. It would be more correct to say that money was no longer taken seriously in many parts of Europe. During the war the European governments printed 75 billions of dollars' worth of paper money. This paper depreciated to a ridiculous extent. Before the war, the franc, the lira, the mark and the crown had about the same value—20 to 23 cents, or about five to a dollar. By 1920 the dollar bought 15 francs; 23 liras; 40 marks, and 250 Austrian crowns. In some of the ready-made countries, constituted under the Treaty or set up by the Allies as a cordon about Russia, hundreds and thousands of crowns could be had for a dollar. Even the pound sterling, which kept its value better than the money of any of the other European combatants, was thirty per cent. below par, when measured in terms of dollars. This situation made it impossible for the nations whose money was at such a heavy discount to purchase supplies from the more fortunate countries. But to make matters even worse, the rate of exchange fluctuated from day to day and from hour to hour so that business transactions could only be negotiated on an immense margin of safety.

Add to this financial dissolution the mountains of debt, the huge interest charges and the oppressive taxes, and the picture of economic ruin is complete.

The old capitalist world, organized on the theory of competition between the business men within each nation, and between the business men of one nation and those of another nation, reached a point where it would no longer work.

In Russia the old system had disappeared, and a new system had been set up in its place. In Germany, and throughout central Europe, the old system was shattered, and the new had not yet emerged. In France, Italy and Great Britain the old system was in process of disintegration—rapid in France and Italy; slower in Great Britain. But in all of these countries intelligent men and women were asking the only question that statesmanship could ask —the question, "What next?"

The capitalist system was stronger in Great Britain than in any of the other warring countries of Europe. Before the war, it rested on a surer foundation. During the war, it withstood better than any other the financial and industrial demands. Since the war, it has made the best recovery.

Great Britain is the most successful of the capitalist states. The other capitalist nations of Europe regard her as the inner citadel of European capitalism. The British Labor Movement is seeking to take this citadel from within.

The British Labor Movement is a formidable affair. There are not more than a hundred thousand members in all of the Socialist parties, in the Independent Labor Party and in the Communist Party combined. There are between six and seven millions of members in the trade unions.

Perhaps the best test of the strength of the British Labor Movement came in the summer of 1920, over the prospective war with Russia. Warsaw was threatened. Its fall seemed imminent, and both Millerand and Lloyd-George made it clear that the fall of Warsaw meant war. The situation developed with extraordinary rapidity. It was reported that the British Government had dispatched an ultimatum. The Labor Movement acted with a strength and precision that swept the Government off its feet and compelled an immediate reversal of policy.

Over night, the workers of Great Britain were united in the Council of Action. As originally constituted, the "Labor and Russia Council of Action" consisted of five

representatives each from the Parliamentary Committee of the Trades Union Congress, the Executive Committee of the Labor Party and the Parliamentary Labor Party. To these fifteen were added eight others, among whom were representatives of every element in the British Labor Movement. This Council of Action did three things—it notified the Government that there must be no war with Russia; it organized meetings and demonstrations in every corner of the United Kingdom to formulate public opinion; it began the organization of local councils of action, of which there were three hundred within four weeks. The Council of Action also called a special conference of the British Labor Movement which met in London on August 13. There were over a thousand delegates at this conference, which opened and closed with the singing of the "Internationale." When the principal resolution of endorsement was passed, approving the formation of the Council of Action, the delegates rose to their feet, cheered the move to the echo, and sang the "Internationale" and "The Red Flag." The closing resolution authorized the Council of Action to take "any steps that may be necessary to give effect to the decisions of the Conference and the declared policy of the Trade Union and Labor Movement."

Such was the position in the "Citadel of European Capitalism." The Government was forced to deal with a body that, for all practical purposes, was determining the foreign policy of the Empire. Behind that Council was an organized group of between six and seven millions of workers who were out to get the control of industry into their own hands, and to do it as speedily and as effectually as circumstances would permit.

Meanwhile, the mantle of revolutionary activity descended upon Italy, where the red flag was run up over some the largest factories and some of the finest estates.

Throughout the war, the revolutionary movement was strong in Italy. The Socialist Party remained consistently an anti-war party, with a radical and vigorous propaganda. The Armistice found the Socialist and Labor Movements

strong in the North, with a growing movement in the South for the organization of Agricultural Leagues.

The Socialist propaganda in Italy was very consistent and telling. The paper "Avanti," circulating in all parts of the country, was an agency of immense importance. The war, the Treaty, the rising cost of living, the growing taxation—all had prepared the ground for the work that the propagandists were doing. Their message was: "Make ready for the taking over of the industries! Learn what you can, so that, when the day comes, each will play his part. When you get the word, take over the works! There must be no violence—that only helps the other side. Do not linger on the streets, you will be shot. Remain at home or stay in the factories and work as you never worked before!"

That, in essence, was the Italian Socialist propaganda—simple, clear and direct, and that was, in effect, what the workers did.

The returned soldiers were a factor of large importance in the Italian Revolution. They were radicals throughout the war. The peace made them revolutionists. "The Proletarian League of the Great War" was affiliated with "The International of Former Soldiers," which comprised the radical elements among the ex-service men of Great Britain, Germany, France, Austria, Italy and a number of the smaller countries. There were over a million dues-paying members in this International, and their avowed object was propaganda against war and in favor of an economic system in which the workers control the industries. It was this group in Italy—particularly in the South—that carried through the project of occupying the estates.

The workers are in control of the whole social fabric in Russia where the revolution has gone the farthest. In Great Britain, where the labor movement is perhaps more conservative than in any of the other countries of Europe, the Government is compelled to deal with a labor movement that is strong enough to consider and to decide im-

portant matters of foreign policy. The workers of Italy have the upper hand. In Czecho-Slovakia, in Bulgaria, in Germany and in the smaller and neutral countries the workers are making their voices heard in opposition to any restoration of the capitalist system; while they busy themselves with the task of creating the framework of a new society.

4. *The Challenge*

This is the challenge of the workers of Europe to the capitalist system. The workers are not satisfied; they are questioning. They mean to have the best that life has to give, and they are convinced that the capitalist system has denied it to them.

The world has had more than a century of capitalism. The workers have had ample opportunity to see the system at work. The people of all the great capitalist countries—the common people—have borne the burdens and felt the crushing weight of capitalism—in its enslavement of little children; in its underpaying of women; in long hours of unremitting, monotonous toil; in the dreadful housing; in the starvation wages; in unemployment; in misery. The capitalist system has had a trial and it is upon the workers that the system has been tried out.

During this experiment, the workers of the world have been compelled to accept poverty, unemployment and war.

These terrible scourges have afflicted the capitalist world, and it is the workers and their families that have borne them in their own persons. In those countries where the capitalist system is the oldest, the workers have suffered the longest. The essence of capitalism is the exploitation of one man by another man, and the longer this exploitation is practiced the more skillful and effective does the master class become in its manipulation.

The workers look before them along the path of capitalist imperialism that is now being followed by the nations that are in the lead of the capitalist world. There

they see no promise save the same exploitation, the same poverty, the same inequality and the same wars over the commercial rivalries of the imperial nations.

The workers of Europe have come to the conclusion that the world should belong to those who build it; that the good things of life should be the property of those who produce them. They see only one course open before them —to declare that those who will not work, shall not eat.

The right of self-determination is the international expression of this challenge. The ownership of the job is its industrial equivalent. Together, the two ideas comprise the program of the more advanced workers in all of the great imperial countries of the world. These ideas did not originate in Russia, and they are not confined to Russia any more than capitalism is confined to Great Britain. They are the doctrines of the new order that is coming rapidly into its own.

Capitalism has been summed up, heretofore, in the one word "profit." The capitalist cannot abandon that standard. The world has lived beyond it, however, and without it, capitalism, as a system, is meaningless. If the capitalists abandon profit, they abandon capitalism.

Without profit the capitalist system falls to pieces, because it is the profit incentive that has always been considered as the binder that holds the capitalist world together. Hence the abandonment of the profit incentive is the surrender of the citadel of capitalism. While profit remains, exploitation persists, and while there is exploitation of one man by another, no human being can call himself free.

The capitalists are caught in a beleaguered fortress in which they are defending their economic lives. Profit is the key to this fortress, and if they surrender the key, they are lost.

5. *The Real Struggle*

This is the real struggle for the possession of the earth. Shall the few own and the many labor for the few, or the many own, and labor upon jobs that they themselves pos-

sess? The struggle between the capitalist nations is incidental. The struggle between the owners of the world and the workers of the world is fundamental.

If Great Britain wins in her conflict with the United States, her capitalists will continue to exploit the workers of Lancashire and Delhi. Her imperialists will continue their policy of world domination, subjugating peoples and utilizing their resources and their labor for the enrichment

If the United States wins in her struggle with Great of the bankers and traders of London.
Britain, her capitalists will continue to exploit the workers of Pittsburg and San Juan. Her imperialists will continue their policy of world domination, subjugating the peoples of Latin American first, and then reaching out for the control over other parts of the earth.

No matter what imperial nation may triumph in this struggle between the great nations for the right to exploit the weaker peoples and the choice resources, the struggle between capitalism and Socialism must be fought to a finish. If the capitalists win, the world will see the introduction of a new form of serfdom, more complete and more effective than the serfdom of Feudal Europe. If the Socialists win, the world enters upon a new cycle of development.

XIX. THE AMERICAN WORKER AND WORLD EMPIRE

1. *Gains and Losses*

The American worker is a citizen of the richest country of the world. Resources are abundant. There is ample machinery to convert these gifts of nature into the things that men need for their food and clothing, their shelter, their education and their recreation. There is enough for all, and to spare, in the United States.

But the American worker is not master of his own destinies. He must go to the owners of American capital—to the plutocrats—and from them he must secure the permission to earn a living; he must get a job. Therefore it is the capitalists and not the workers of the United States that are deciding its public policy at the present moment.

The American capitalist is a member of one of the most powerful exploiting groups in the world. Behind him are the resources, productive machinery and surplus of the American Empire. Before him are the undeveloped resources of the backward countries. He has gained wealth and power by exploitation at home. He is destined to grow still richer and more powerful as he extends his organization for the purposes of exploitation abroad.

The prospects of world empire are as alluring to the American capitalist as have been similar prospects to other exploiting classes throughout history. Empire has always been meat and drink to the rulers.

The master class has much to gain through imperialism. The workers have even more to lose.

The workers make up the great bulk of the American people. Fully seven-eighths (perhaps nine-tenths) of the adult inhabitants of the United States are wage earners,

clerks and working farmers. All of the proprietors, officials, managers, directors, merchants (big and little), lawyers, doctors, preachers, teachers, and the remainder of the business and professional classes constitute not over 10 or 12 percent of the total adult population. The workers are the "plain people" who do not build empires any more than they make wars. If they were left to themselves, they would continue the pursuit of their daily affairs which takes most of their thought and energy—and be content to let their neighbors alone.

2. *The Workers' Business*

The mere fact that the workers are so busy with the routine of daily life is in itself a guarantee that they will mind their own business. The average worker is engaged, outside of working hours, with the duties of a family. His wife, if she has children, is thus employed for the greater portion of her time. Both are far too preoccupied to interfere with the like acts of other workers in some other portion of the world. Furthermore, their preoccupation with these necessary tasks gives them sympathy with those similarly at work elsewhere.

The plain people of any country are ready to exercise even more than an ordinary amount of forbearance and patience rather than to be involved in warfare, which wipes out in a fortnight the advantages gained through years of patient industry.

The workers have no more to gain from empire building than they have from war making, but they pay the price of both. Empire building and war making are Siamese twins. They are so intimately bound together that they cannot live apart. The empire builder—engaged in conquering and appropriating territory and in subjugating peoples—must have not only the force necessary to set up the empire, but also the force requisite to maintain it. Battleships and army corps are as essential to empires as

mortar is to a brick wall. They are the expression of the organized might by which the empire is held together.

The plain people are the bricks which the imperial class uses to build into a wall about the empire. They are the mortar also, for they man the ships and fill up the gaps in the infantry ranks and the losses in the machine gun corps. They are the body of the empire as the rulers are its guiding spirit.

When ships are required to carry the surplus wealth of the ruling class into foreign markets, the workers build them. When surplus is needed to be utilized in taking advantage of some particularly attractive investment opportunity the workers create it. They lay down the keels of the fighting ships, and their sons aim and fire the guns. They are drafted into the army in time of war and their bodies are fed to the cannon which other workers in other countries, or perhaps in the same country, have made for just such purposes. The workers are the warp and woof of empire, yet they are not the gainers by it. Quite the contrary, they are merely the means by which their masters extend their dominion over other workers who have not yet been scientifically exploited.

The work of empire building falls to the lot of the workers. The profits of empire building go to the exploiting class.

3. *The British Workers*

What advantage came to the workers of Rome from the Empire which their hands shaped and which their blood cemented together? Their masters took their farms, converted the small fields into great, slave-worked estates, and drove the husbandmen into the alleys and tenements of the city where they might eke out an existence as best they could. The rank-and-file Roman derived the same advantage from the Roman Empire that the rank-and-file Briton has derived from the British Empire.

Great Britain has exercised more world mastery during the past hundred years than any other nation. All that Germany hoped to achieve Great Britain has realized. Her traders carry the world's commerce, her financiers clip profits from international business transactions, her manufacturers sell to the people of every country, the sun never sets on the British flag.

Great Britain is the foremost exponent and practitioner of capitalist imperialism. The British Empire is the greatest that the world has known since the Empire of Rome fell to pieces. Whatever benefits modern imperialism brings either for capitalists or for workers should be enjoyed by the capitalists and workers of Great Britain.

Until the Great World War the capitalists of Great Britain were the most powerful on earth, with a larger foreign trade and a larger foreign investment than any other. At the same time the British workers were amongst the worst exploited of those in any capitalist country in Europe.

The entire nineteenth century is one long and terrible record of master-class exploitation inside the British Isles. The miseries of modern India have been paralleled in the lives of the workers of Ireland, Scotland, Wales and England. Gibbins, in his description of the conditions of the child workers in the early years of the nineteenth century ends with the remark, "One dares not trust oneself to try and set down calmly all that might be told of this awful page of the history of industrial England."[1]

Even more revolting are the descriptions of the conditions which surrounded the lives of the mine workers in the early part of the nineteenth century. Women as well as men were taken into the mines and in some cases, as the reports of the Parliamentary investigation show, the women dragged cars through passage-ways that were too low to admit the use of ponies or mules.

[1] "Industry in England," H. deB. Gibbins. New York, Scribner's, 1897, p. 390.

England, mistress of the seas, proud carrier of the traffic of the world, the center of international finance, the richest among all the investing nations—England was reeking with poverty. Beside her factories and warehouses were vile slums in which people huddled as Ruskin said, "so many brace to a garret." There in the back alleys of civilization babies were born and babies died, while those who survived grew to the impotent manhood of the street hooligan.

The British Empire girdled the world. For a century its power had grown, practically unchallenged. Superficially it had every appearance of strength and permanence but behind it and beneath it were the hundreds of thousands of exploited factory workers, the underpaid miners, the Cannon Gate of Edinburgh and the Waterloo Junction of London.

Capitalist imperialism has not benefited the British workers. Quite the contrary, the rise of the Empire has been accompanied by the disappearance of the stalwart English yeoman; by the disappearance of the agricultural population; by the concentration of the people in huge industrial towns where the workers, no longer the masters of their own destinies, must earn their living by working at machines owned by the capitalist imperialists. The surplus derived from this exploited labor is utilized by the capitalists as the means of further extending their power in foreign lands.

Imperialism has brought not prosperity, but poverty to the plain people of England.

There is another aspect of the matter. If these degraded conditions attach to the workers in the center of the empire, what must be the situation among the workers in the dependencies that are the objects of imperial exploitation? Let the workers of India answer for Great Britain; the workers of Korea answer for Japan, and the workers of Porto Rico answer for the United States. Their lot is worse than is the lot of the workers at the center of imperial power.

Empires yield profits to the masters and victory and glory to the workers. Let any one who does not believe this compare the lives of the workers in small countries like Holland, Norway, Denmark and Switzerland, with the lives of the workers in the neighboring empires—Russia, Germany, France and Great Britain. The advantage is all on the side of those who live in the smaller countries that are minding their own affairs and letting their neighbors alone.

4. *The Long Trail*

The workers of the United States are to-day following the lead of the most powerful group of financial imperialists in the world. The trail is a long one leading to world conquest, unimagined dizzying heights of world power, riches beyond the ken of the present generation, and then, the slow and terrible decay and dissolution that sooner or later overtake those peoples that follow the paths of empire. The rulers will wield the power and enjoy the riches. The people will struggle and suffer and pay the price.

The American plutocracy is out to conquer the earth because it is to their interest to do so. The will-o'-the-wisp of world empire has captured their imaginations and they are following it blindly.

The American people, on November 2, 1920, gave the American imperialists a blanket authority to go about their imperial business—an authority that the rulers will not be slow to follow. First they will clean house at home—that housecleaning will be called "the campaign for the establishment of the open shop." Then they will go into Mexico, Central America, China, and Europe in search of markets, trade and investment opportunities.

Behind the investment will come the flag, carried by battle-ships and army divisions. That flag will be brought front to front with other flags, high words will be spoken, blood will flow, life will ebb, and the imperialists will win their point and pocket their profit.

Behind them, in November, and at all other times of the year, there will be the will, expressed or implied, of the working people of the United States, who will produce the surplus for foreign investment; will make the ships and man them; will dig the coal and bore for the oil; will shape the machines. Their hands and the hands of their sons will be the force upon which the ruling class must depend for its power. They will produce, while the ruling class consumes and destroys.

The trail is a long one, but it leads none the less certainly to isolation and death. No people can follow the imperial trail and live. Their liberties go first and then their lives pay the penalty of their rulers' imperial ambition. It was so in the German Empire. It is so to-day in the British Empire. To-morrow, if the present course is followed, it will be equally true in the American Empire.

5. *The New Germany*

One of the chief charges against the Germans, in 1914, was that they were not willing to leave their neighbors in peace. They were out to conquer the world, and they did not care who knew it. It was not the German people who held these plans for world conquest, it was the German ruling class. The German people were quite willing to stay at home and attend to their own affairs. Their rulers, pushed by the need for markets and investment opportunities, and lured by the possibilities of a world empire, were willing to stake the lives and the happiness of the whole nation on the outcome of these ambitious schemes. They threw their dice in the great world game of international rivalries—threw and lost; but in their losing, they carried not only their own fortunes, but the lives and the homes and the happiness of millions of their fellows whose only desire was to remain at home and at peace.

Germany's offense was her ambition to gain at the expense of her neighbors. Lacking a place in the sun, she proposed to take it by the strength of her good right arm.

This is the method by which all of the great empires have been built and it is the method that the builders of the American Empire have followed up to this point. The land which the ruling class of the United States has needed has heretofore been in the hands of weak peoples—Indians, Mexicans, a broken Spanish Empire. Now, however, the time has come when the rulers of the United States, with the greatest wealth and the greatest available resources of any of the nations, are preparing to take what they want from the great nations, and that imperial purpose can be enforced in only one way—by a resort to arms. The rulers of the United States must take what they would have by force, from those who now possess it. They did not hesitate to take Panama from Colombia; they did not hesitate to take possession of Hayti and of Santo Domingo, and they do not propose to stop there.

The people of the world know these things. The inhabitants of Latin America know them by bitter experience. The inhabitants of Europe and of Asia know them by hearsay. Both in the West and in the East, the United States is known as "The New Germany."

That means that the peoples of these countries look upon the United States and her foreign policies in exactly the same way that the people of the United States were taught to regard Germany and her foreign policies. To them the United States is a great, rich, brutal Empire, setting her heel and laying her fist where necessity calls. Men and women inside the United States think of themselves and of their fellow citizens as human beings. The people in the other countries read the records of the lynchings, the robberies and the murders inside the United States; of the imperial aggression toward Latin America, and they are learning to believe that the United States is made up of ruthless conquerors who work their will on those that cross their path.

The plain American men and women, living quietly in their simple homes, are none the less citizens of an aggressive, conquering Empire. They may not have a

thought directed against the well-being of a single human creature, but they pay their taxes into the public treasury; they vote for imperialism on each election day; they read imperialism in their papers and hear it preached in their churches, and when the call comes, their sons will go to the front and shed their blood in the interest of the imperial class.

The plain people of the German Empire did not desire to harm their fellows, nevertheless, they furnished the cannon-fodder for the Great War. America's plain folks, by merely following the doctrine, "My country, right or wrong—America first!" will find themselves, at no very distant date, exactly where the German people found themselves in 1914.

6. *The Price*

The historic record, in the matter of empire, is uniform. The masters gain; the workers pay.

The workers of the United States will not be exempt from these inexorable necessities of imperialism. On the contrary they will be called upon to pay the same price for empire that the workers in Britain have paid; that the workers in the other empires have paid. What is the price? What will world empire cost the American workers?

1. It will cost them their liberties. An empire cannot be run by a debating society. Empires must act. In order to make this action mobile and efficacious, authority must be centered in the hands of a small group—the ruling class, whose will shall determine imperial policy. Self-government is inconsistent with imperialism.

2. The workers will not only lose their own liberties, but they will be compelled to take liberties away from the peoples that are brought under the domination of the Empire. Self-determination is the direct opposite of imperialism.

3. The American workers, as a part of the price of empire, will be compelled to produce surplus wealth—

wealth which they can never consume; wealth the control of which passes into the hands of the imperial ruling class, to be invested by them in the organization of the Empire and the exploitation of the resources and other economic opportunities of the dependent territory.

4. The American workers must be prepared to create and maintain an imperial class, whose function it is to determine the policies and direct the activities of the Empire. This class owes its existence to the existence of empire, without which such a ruling class would be wholly unnecessary.

5. The American workers must be prepared, in peace time as well as in war time, to provide the "sinews of war": the fortifications, the battle fleet, the standing army and the vast naval and military equipment that invariably accompany empire.

6. The American workers must furthermore be ready, at a moment's call, to turn from their occupations, drop their useful pursuits, accept service in the army or in the navy and fight for the preservation of the Empire—against those who attack from without, against those who seek the right of self-determination within.

7. The American workers, in return for these sacrifices, must be prepared to accept the poverty of a subsistence wage; to give the best of their energies in war and in peace, and to stand aside while the imperial class enjoys the fat of the land.

7. *A Way Out*

If the United States follows the course of empire, the workers of the United States have no choice but to pay the price of Empire—pay it in wealth, in misery, and in blood. But there is an alternative. Instead of going on with the old system of the masters, the workers may establish a new economic system—a system belonging to the workers, and managed by them for their benefit.

The workers of Europe have tried out imperialism and they have come to the conclusion that the cost is too high. Now they are seeking, through their own movement—the labor movement—to control and direct the economic life of Europe in the interest of those who produce the wealth and thus make the economic life of Europe possible.

The American workers have the same opportunity. Will they avail themselves of it? The choice is in their hands.

Thus far the workers of the United States have been, for the most part, content to live under the old system, so long as it paid them a living wage and offered them a job. The European workers felt that too in the pre-war days, but they have been compelled—by the terrible experiences of the past few years—to change their minds. It was no longer a question of wages or a job in Europe. It was a question of life or death.

Can the American worker profit by that experience? Can he realize that he is living in a country whose rulers have adopted an imperial policy that threatens the peace of the world? Can he see that the pursuit of this policy means war, famine, disease, misery and death to millions in other countries as well as to the millions at home? The workers of Europe have learned the lesson by bitter experience. Is not the American worker wise enough to profit by their example?

THE END

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